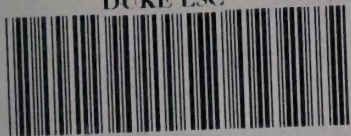


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# AMBASSADORS AT LARGE

STUDIES IN THE FOREIGN POLICIES  
OF THE LEADING POWERS

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*Professor of International Politics in the  
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With a Preface by a member of  
the Fascist Grand Council

# BRITAIN

A STUDY OF FOREIGN POLICY FROM THE  
VERSAILLES TREATY TO THE OUTBREAK OF WAR

*by*

E. H. CARR

*with a Preface by*

THE RIGHT HONOURABLE  
VISCOUNT HALIFAX

SECRETARY OF STATE FOR FOREIGN AFFAIRS

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## PREFACE

WHEN Messrs. Longmans, Green and Company first began to plan their excellent series, *AMBASSADORS AT LARGE*, of which the French and Italian volumes appeared a month or two ago, my predecessor held out the hope to them that he would contribute an introduction to the British volume, and I am now glad to undertake the same task in his place.

Mr. Carr was for some years a member of the Foreign Office, where he distinguished himself not only by sound learning and political understanding, but also in administrative ability. Now the Wilson Professor of International Politics at Aberystwyth, he is an eminently suitable person to survey the history of British foreign policy in recent years, and I think it will be found that he has performed this difficult task admirably.

It will be seen that it is by no means a slavish defence of the policy of various British Governments since the Armistice. Indeed it

contains certain criticisms which are acute, if not severe, but which are always worthy of serious consideration.

The international situation is so involved, and changes so rapidly and profoundly from day to day, that it is impossible for the last word to be said in a book which appears a month or two after it is written: but this volume, I think, presents the state of affairs as it was in the late spring or early summer of the present year with sufficient explanation and background to enable it to be understood by any British or foreign reader who will take the trouble to go a little below the surface of things.

For these reasons I have much pleasure in commending Professor Carr's book to those who wish to understand and appreciate a complex and difficult situation.

HALIFAX.

3RD AUGUST, 1939.

## NOTE

THE manuscript of this book was ready for the press at the end of July 1939, and the preface which Lord Halifax has been good enough to contribute was written in the first days of August. The outbreak of war delayed publication, and enabled the author to introduce into the text a few modifications and additions which have brought the narrative down to the eve of 3rd September. These last pages do not, however, profess to be more than a bare outline. No thorough-going revision of the book would have been possible in the time available; and it is still too early to pass any final judgment on British policy of the last two decades in the light of the catastrophe which has brought them to a close.

This analysis of British policy in the period between the two wars is, therefore, presented to the reader substantially in the form in which it was written in the last few weeks of peace. It will recall many events and many con-

troversies which once excited stormy passions, but whose importance now already seems academic and historical. While, however, the thought and energy of the country are for the moment concentrated on the conduct of the War, there will as time goes on be an increasing need on the part of thinking men and women everywhere to reflect once more on the fundamental problems of war and peace and on the attitude of Britain towards them. No apology is therefore required for offering to the public at the present moment this critical but not unsympathetic survey of British foreign policy in the twenty years which divide the Versailles Treaty from 3rd September, 1939.



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## CHAPTER I

### BRITAIN AND DEMOCRACY

THE ends of a country's foreign policy are always difficult to define and sometimes mutually incompatible. National security or national well-being or national prestige are often named as the objects which foreign policy seeks to promote. But such phrases are vague and fluctuating in their content, and can themselves only be defined in terms of policy. Nor is the distinction between means and ends particularly useful. It would be idle to inquire whether, say, Italy desired to increase her military strength as a means to territorial expansion or whether she desired territorial expansion as a means to increase her military strength, or in what sense either would contribute to her "national well-being." Foreign policy is not, as some people imagine, the discovery and application of appropriate means to achieve known ends. It involves the discovery

and formulation of ends and means, and the adaptation of both to the circumstances of the moment. This is one reason for its extraordinary complexity.

Another reason which accounts for the complexity of foreign policy is that the very conception is based on the fiction that "nations" are entities capable of having interests and pursuing policies. The fiction is a necessary one, and works in practice because people do, in fact, behave as if it were true. Broadly speaking, Englishmen, Frenchmen and Germans are agreed to act on the assumption that there are British, French and German policies which can be pursued, abandoned or modified, and for which those fictitious entities Britain, France and Germany can be held responsible. The foreign policy of a nation is based on traditions which may be centuries old, on commitments which survive the individuals who incur them, and on interests which stretch out beyond the lifetime of the present generation. It is assumed as a postulate, which need not and cannot be proved by argument, that the traditions of the nation should be respected, its commitments honoured and its interests

maintained. If any large part of the people of a country contested this assumption, there could be no nation and no national policy.

This means that the members of a nation form an idealized picture of the nation which is expressed not only in personifications like "Britain," "France" and "Germany," but in symbolical figures like John Bull and Uncle Sam, or in popular leaders like Lenin or some of the contemporary dictators. Every nation thinks of itself, or aspires to think of itself, as possessing national independence and strength to assert its national will; and every nation regards itself as having a way of life peculiar to itself and embodying values which it holds dear. If thinking Englishmen were asked to sum up in a single word the set of political values for which Britain primarily stands, a majority of them would probably choose the word "democracy."

Words are often misleading in politics because their meanings change. Even if we confine ourselves to modern times, the democracy of President Franklin Roosevelt differs widely from the democracy of the Founding Fathers of the United States and even from the demo-

cracy of Calvin Coolidge. British democracy in 1939 is not the democracy of Peel or Gladstone or even the democracy of Asquith. When, therefore, we say that Britain stands for democracy, we are thinking of general principles and a general method of approach to political issues rather than of a specific institution working in accordance with specific rules.

But even if we regard democracy as a set of values rather than an institution, these values are not easy to define. We are no longer as well satisfied as were our fathers and grandfathers to treat "one man one vote" as the be-all and end-all of democracy. Equality means many different things—equality of wealth, equality of rights, equality of opportunity, or equality in proportion to deserts; and none of these can be absolutely realized. Indeed it might plausibly be argued that, in some senses, there is less inequality in National-Socialist Germany or in Soviet Russia than in democratic Britain. Liberty no longer seems the key to Utopia; for the liberty of the strong may mean the bondage of the weak, and the liberty of the many the bondage of the best. "The greatest happiness of the greatest num-

ber" may still serve as a rough and ready rule of thumb. But we no longer feel the same confidence as did Jeremy Bentham that happiness can be measured, that democracy necessarily ensures it, or that the greatest number will always see their greatest happiness in democratic institutions. If we set out to-day to define those values which we prize in democracy we shall speak in more general terms. We shall say that democracy stands for the spirit of give-and-take; that it prohibits the minority from stifling the will of the majority, but at the same time refuses to allow the majority to ride rough-shod over the minority; that it stands for equality of privilege and of obligation and, where this ideal cannot be wholly realized, for a close correlation between privilege and obligation; that it stretches its concern for individual rights, and its tolerance of individual opinions, to the utmost limits compatible with the maintenance of the community as such; that it believes in the power of persuasion, resorts slowly and reluctantly to coercion, and prefers compromise to the naked assertion of the will of the stronger.

The spirit of democracy makes it different in

kind from other forms of government popular to-day. Both Communism and Fascism are militant organizations exalting force as the main instrument by which their ends are achieved. Democrats cannot without inconsistency endeavour to impose their creed on others. Communists cannot without inconsistency cease from this endeavour; and though it was once proclaimed that Fascism was "not an article for export," this limitation on its activities has long since been abandoned. The attitude of democracies to a war of ideologies is, therefore, fundamentally different from that of Communism and Fascism.

Moreover, if we believe in democracy, we must be prepared to make some attempt to carry the same principles of give-and-take and toleration into international relations. It is not a reproach to the foreign policy of a democracy to say that it is less ruthless, more inclined to compromise, more persistent in seeking to persuade rather than to coerce, than the foreign policy of non-democratic régimes; for these things are of the essence of democracy. Modern warfare in its totalitarian form is wholly hostile to this spirit. The sequel of the



last War demonstrated that even the victory of democratic countries might be a defeat for democracy. In the present War, democrats are fully conscious of the necessity of surrendering, for the duration of the struggle, some of the prerogatives and principles which democracy holds dear. Democracy must, at all times, be particularly concerned to avoid war. But there are occasions when even democracies may be compelled to fight for their survival. In that event, there is reason to suppose that democracy enjoys certain advantages over authoritarian forms of government, both in the greater natural cohesion and in the greater power of initiative of its people, as well as in the knowledge that it has gone to the utmost limits of compromise and concession in order to avoid war. The Great Powers which exhibited the lowest survival value in the War of 1914-18 were those most resolutely hostile to democracy in all its forms: Russia and Austria-Hungary. There is no reason to doubt that the present War will repeat the same lesson.

But while democrats will not undervalue the strength which Britain derives from her devo-

tion to the spirit of democracy, they will also face frankly the problems with which it confronts her. Frank self-criticism is a necessary part of democracy; and it is this criticism which makes democracy most capable of all forms of government to adapt itself to the needs of a changing world.

The most revolutionary change in the conduct of foreign affairs in Britain since 1914 has been a change in the conception of what is meant by the nation in its dealings with other nations—a change which has immensely complicated every important issue of foreign policy. Until comparatively recent years, it was taken for granted that the foreign policy of a country was conducted on its behalf by a small group of specialists drawn from a restricted class of the population. Should war occur, that too was the business of specialists; and the people at large were affected only indirectly and to a limited extent. A small and compact group was entitled to speak and act as the nation in its dealings with other nations. The broadened basis of modern economic life, the development of democratic institutions, and the changed character of modern warfare have destroyed

this simple convention. No national foreign policy can now be effective which is not approved, explicitly or implicitly, by the greater part of the people, for the simple reason (if for no other) that no foreign policy can in the long run be effective unless the country is prepared to fight for it, and that modern warfare is impossible unless the mass of the people is prepared to support its horrors. Those who nowadays conduct national policy must at every step ask not merely whether a given policy is in the national interest, or accords with certain principles or traditions, but whether it is a policy for which the bulk of the nation can in the last resort be induced to fight. This is what is meant by the common saying that issues of foreign policy are now settled, not by governments, but by peoples. Public opinion has become a factor of the first importance, and has made both the conduct and the study of modern international politics infinitely baffling and complicated.

This change has introduced many new practical problems. Before 1914, foreign affairs were recognized by all British parties as beyond the scope of party politics. Criticisms of foreign

policy by the Opposition were couched in the most general and non-committal terms; and little attempt was made by the public to penetrate the mysterious operations of the Foreign Office. The Anglo-French Entente of 1904 and the subsequent Anglo-Russian Entente of 1908 were both the result of many months (in the latter case more than a year) of secret diplomatic negotiation about which, so long as they were in progress, nothing was disclosed in the press and no questions were asked in Parliament. Any public disclosure of the discussions would have been considered highly improper, and could only have been made by someone anxious to jeopardize their success. The right of the British Government to conclude treaties without the assent of Parliament was not challenged. Even secret treaties had only just begun to be thought of as objectionable. If the House of Commons or the country had no confidence in the foreign policy of the Government, it could turn out the Government when the time came. But to interfere with the day-to-day working of that policy would have seemed wholly impracticable.

The popularization of international politics,

which have become a matter of everyday concern to the great mass of the people, has by slow but natural stages made foreign policy into a party issue of first-rate importance, though it is noteworthy that this has happened in Britain in a greater degree than in France (where the danger of party divisions on foreign policy is perhaps more keenly realized) or than in the United States (where the peculiar party system often allows opinion to crystallize on other than strict party lines). It would be quite unfair to place the blame for this development on any one British political party. The first conspicuous attempt after 1918 to score a party advantage on an issue of foreign policy was made by the Conservative Party in the general election of October 1924. On that occasion, Conservatives used an alleged letter of instructions (its authenticity was contested) from Zinoviev, then President of the Communist International, to the British Communist Party, in order to discredit the Labour Government by representing it as the dupe of Bolshevik intrigues directed against vital British interests. During the first post-War period, these party divisions on foreign policy turned almost

exclusively on the attitude to be adopted towards Soviet Russia. Later, they were extended to the attitude towards Germany and Italy and indeed to almost every important issue of policy; and after 1937 they became exceedingly bitter. There is no doubt that these divisions seriously weakened British policy and impaired British prestige abroad. To allocate blame for them would be difficult and unprofitable. But we are here face to face with a major problem, which has not yet found a solution, of the conduct of foreign affairs by a democracy; and it is worth while to examine some of the symptoms and consequences of the trouble.

In the first place, it is clear that relentless party controversy on current issues of foreign policy makes it almost impossible for the Government to conduct successful negotiations on any of these issues. No better illustration can be found of this phenomenon than the Anglo-Soviet negotiations of the summer of 1939. As has already been mentioned, it required more than a year of highly delicate discussion conducted in profound secrecy to bring about the Anglo-Russian Entente of

1908. In 1939, discussions for an Anglo-Soviet agreement proceeded in an almost unrelieved glare of publicity. The British Government found itself in the position of a man trying to strike a bargain with an astute negotiator while his nagging wife angrily adjures him, in audible asides, to concede without scrutiny any and every demand made by the other party. In such conditions no agreement was, or could have been, achieved. It is hardly too much to describe these negotiations as a *reductio ad absurdum* of the democratic control of diplomacy. This example is all the more striking in that a complete consensus of opinion existed among all parties as to the aim pursued. But even this consensus did not ensure that minimum of public discretion and self-restraint which is necessary to the success of any diplomatic transaction.

This situation cannot be allowed to repeat itself. Democracy must remain in ultimate control of foreign policy. But some means must be devised by which British interests in vital and delicate negotiations shall not be imperilled by a fire of public exhortation and comment directed at the negotiators. It is



beyond the scope of this book to discuss various plans which have been suggested to deal with this problem: a coalition government, regular private consultation between party leaders on issues of foreign policy, an all-party foreign affairs commission of the House of Commons meeting in secret. But the urgency of the problem cannot be doubted. In the following pages many instances will be found of the paralysing influence on British foreign policy and British diplomacy of notorious and loudly advertised divisions of opinion on issues of first-class importance. It is a challenge to British democracy to find a way out of this deadlock. When the present unity, achieved for the purpose of waging war, dissolves on the return of peace, this challenge must be taken up.

The second drawback which results at the present stage from the popularization of international politics, but which time may be expected to remedy, is a marked tendency towards over-simplification. Bewildered by the complexities of foreign policy, more and more people find a congenial refuge in the use of slogans and catchwords. Thus the attempt was made to base British foreign policy on some



generalized concept like "splendid isolation" or "collective security," or United States policy on "neutrality." It is noteworthy that these slogans usually became current only when they had lost such validity as they once possessed. "Splendid isolation" achieved popularity just at the moment when Britain was ceasing to be strong enough to stand alone. "Collective security" came into current use only about 1933 when the ineffectiveness of post-War schemes for the "collective" defence of the *status quo* was already apparent. "Neutrality" became the slogan in the United States only when experience had shown the difficulties of maintaining neutrality. In reality such phrases are *ex post facto* generalizations of a highly simplified kind, which may throw some light on the past, but are of little use as guides to the present and the future. What happens in practice is that these catchwords get so worn away by constant use that they become meaningless. Those politicians and writers who most eagerly indulge in them are, generally speaking, those who think least clearly about current problems. The issues of foreign policy which confront a modern Great Power are too

complex and too plastic to be expressed in these simple formulæ. They do not lend themselves readily to election slogans or to questions which can be answered "yes" or "no" in a popular plebiscite; and these devices, which are sometimes misleading when applied to issues of domestic policy, may become positively dangerous when transferred to the international field. The foreign policy of a democracy must be based not only on a prudent calculation of its interests, but on "principle," on an attitude of mind; and that attitude of mind will reflect what we have called the "set of values" for which the country stands. But it is an illusion to suppose, as Woodrow Wilson and others seem to have supposed in 1919, that these values or principles can be docketed and card-indexed, so that the task of statesmen in international affairs is merely to turn up the appropriate principle and apply it to the concrete case. There are no simple and infallible rules of "principle" and "right" to determine foreign policy in a given situation. It cannot be too often repeated that democracy is an attitude of mind, not a set of rules.

The third problem which confronts demo-

crazy in its attempt to conduct foreign policy is the problem of strategy. Foreign policy is always dependent on the possession of military strength, or rather, on the ratio between the military strength of one's own country and that of others. No country in history has ever been strong enough to achieve all its ambitions, however base, or all its ideals, however noble. As Lord Halifax once said at the Council of the League of Nations, there is in every foreign policy an inevitable hiatus between "the ideally right" and "the practically possible." The task of the statesman is not merely to discover what is desirable, whether on grounds of principle or of national interest, but also to determine, in the light of the strategic situation (using the term in its broadest sense), how much of what is desirable his country can hope to achieve or how much of what is undesirable it can hope to avoid. All policy ultimately entails some element of risk of war. The prudent statesman must balance the chances, and not pursue a policy which is likely to expose his country to war against equal or superior odds. The policies of countries which, in virtue of their great

possessions, have nothing to gain and everything to lose by war, will naturally and rightly be more cautious than those of countries which feel that they have, even at worst, little or nothing to lose.

The problem of democratic foreign policy is that these strategic issues turn in part on facts which cannot be divulged and on arguments which cannot be used in public. Every parliamentary debate on foreign policy is, therefore, to some extent unreal. Responsible spokesmen of the Government—and often of the Opposition as well—deliberately refrain from stating the most relevant facts, and use shallow and secondary arguments, because the real facts and the real arguments might betray some national weakness or antagonize some friendly or potentially friendly Power. In these debates the Government of the day, being necessarily more fettered than the Opposition by considerations of discretion, is always at a certain disadvantage. But serious responsibility also rests on the Opposition for making the democratic conduct of foreign policy possible. In a debate in the House of Commons on 4th August, 1939, the Prime Minister, speaking in

defence of British policy in the Far East, referred to "the lonely, unprotected defenceless British people scattered about in different parts of China," and added that since, in case of emergency "we could not protect many of them," we ought not by our policy "to put them in greater peril." Such a statement clearly does not help British prestige or strengthen British diplomacy. The Opposition can hardly escape censure if it carries its public criticism to the point where the true, but—from the point of view of national interests—undesirable, answer is the only possible one. Broadly speaking, it may be said that an Opposition should always be chary of publicly pressing on a reluctant Government courses of action which may lead to war; for the Government cannot usually state in public the real reasons for its reluctance.

The problem created by the inseparability of policy from strategy, and the impossibility of frank public discussion of strategic issues, still awaits a solution from British democracy. The period from 1919 to 1939 presented it in a particularly acute form. A great war naturally stimulates interest in international politics and

desire to play an active role in them. Twenty years after the battle of Waterloo, an observer of English politics noted "the legacy of excitability about foreign affairs after the long war with Napoleon." At that time, we are told, many Englishmen "cried out in grave rebuke, 'What is the Government about, with no more to show for itself than bills about parliamentary reform and the poor law, while Don Carlos was fighting in Spain; Don Miguel was threatening a new conflict in Portugal; Prussian troops occupied Frankfort against the Treaty of Vienna; Algiers turned into a French colony in spite of the solemn promises of 1829; ten thousand proscribed Polish nobles wandering all over Europe; Turkey and Egypt at daggers drawn. Had we no British armies to put all these monstrous wrongs right?'"<sup>1</sup> Such complaints have been familiar in English political life throughout the twenty years from the Russian civil war of 1919-20 down to the Spanish civil war of 1936-9. During the War, Britain and her Allies intervened in the affairs of half the countries of the world. When peace came, it seemed for a long time natural that

<sup>1</sup> John Morley, *Recollections*, I, p. 138.

foreign policy should be conceived on the same ambitious lines. Britain should be ready to intervene almost anywhere in any cause which seemed to her righteous. Greek generals impeached for treason, priests put on trial in Soviet Russia, missionaries attacked in China, socialists imprisoned in Austria, Ukrainians persecuted in Poland, and Jews in Roumania or Germany, were all morally entitled to British protection. The helpless and oppressed everywhere should be supported and malefactors restrained.

In this mood of generous enthusiasm, few paused to reflect that one's coat must be cut according to one's cloth, that Britain had never been powerful enough to stamp out abuses in all parts of the world, and that in many parts of the world her power to assert her will was, owing to technical changes of many kinds, weaker in the twentieth century than it had been in the nineteenth. In the nineteenth century, the normal process was the comfortable and inexpensive one of sending a cruiser to intimidate the offender; and generally speaking, it worked so smoothly that public opinion took it for granted. In the twentieth



century this simple method was no longer available; and there arose a certain lack of co-ordination between will and capacity. Successive British Governments, applauded by public opinion, made declarations, entered protests, issued warnings, sponsored League resolutions, and even embarked on courses of action, which they failed in the last resort to make effective—with consequent damage to British prestige. Disarmament—or, more accurately, failure to build up new armaments on a large scale—was partly to blame for this weakness. But there was a deeper cause. Absolutely, British power and wealth are perhaps greater to-day than ever before. Unemployment notwithstanding, Britain is to-day for the majority of her people a better place to live in than in the nineteenth century. But Britain's supremacy, uncontested over a large part of the world in the nineteenth century, is now challenged from many sides. This process is part and parcel of the decline in the power and importance of Europe as a whole. In relation to Europe, Britain is perhaps stronger than ever. Elsewhere in the world, relatively if not absolutely, she is weaker than she was



before 1918. The point is so important for an understanding of British foreign policy that it requires some elaboration.

The chief factor in this decline in British supremacy is economic. In the middle years of last century, thanks mainly to her long lead in industrial development, Britain had established a position of overwhelming superiority in world industry and commerce. In the 1870's, her exports were greater than those of the two next greatest exporting countries—the United States and Germany—taken together. During the next forty years, British trade and production continued to expand. But Britain's astonishing rate of progress was slowing down; and her rivals were making up leeway and threatening to challenge her lead. In the 1890's, Britain was still comfortably ahead. But the combined exports of the United States and Germany now exceeded those of Britain by some 65 per cent, and complaints began to be heard of German competition. By 1913—in absolute figures a record year for British exports—the British lead had almost disappeared, and the three countries were running neck and neck, sharing between them over

40 per cent of the world's export trade. In the heavy industries, Britain had already fallen to third place. The story of British industry and trade in the fifty years before the last War is one of absolute progress, but of decline in relation to the still more rapid progress of Germany and the United States.

The years of War and post-War reconstruction may be ignored as abnormal. The following table shows in brief the subsequent course of development :

*Share in World Exports (in percentages)*

	1913	1929	1938
United Kingdom	13.9	11.1	10.13
United States	13.3	16.2	13.45
Germany	13.1	10.1	9.96†

It will be seen that, while Britain has retained her lead in exports over Germany, she has been far outdistanced by the United States, though the latter's lead has fallen off since the economic crisis of 1930-3. It will also be observed that the joint share of the three chief exporting countries in the export trade of the world has fallen from over 40 per cent in 1913

† Including Austria, which in 1937 was responsible for 0.88% of world exports.

to 33.5 per cent in 1938. The development of the so-called "backward countries," largely through the investment of British capital prior to 1914, has given those countries a larger share in world trade, especially in world exports of manufactured goods. Britain and Germany have been losing trade not merely to the United States, but to the rest of the world; and the loss has been a substantial one. Only the United States have increased their share in world trade, not only in relation to Britain and Germany, but in relation to their own pre-1914 percentage. The same story is told by estimates of national income. Now, as before 1914, income in Germany *per head of population* is about 75 per cent of the British figure. The American figure *per head of population* exceeded the British figure in 1913 by 50 per cent and in 1929 by 100 per cent—a maximum from which it has probably receded since that date. The total national income of the United States, which in 1913 was about three times as great as that of Britain, is now about five times as great.

It would be an exaggeration to suggest that trade, industry and wealth are the sole criteria

of national power. But the enormous importance of these factors has been apparent in every period of history; and their importance in modern times is greater than ever before. Economic weapons play a larger part in relations between states. The qualities making for economic development—natural resources, capacity for self-discipline and organization, absence of irreconcilable class conflict within the nation—are those which make for national power in the wider sense. Loss of economic power, whether absolute or relative, means loss of political power. It is not the fault of Britain that she no longer enjoys the lead over the rest of the world which good fortune bestowed on her a century ago. But from the point of view of her foreign policy, the fact that she is absolutely stronger than she was in the nineteenth century is less important than the fact that she is relatively weaker. One important symptom and consequence of this change is that Britain who, in the nineteenth century, was an “imperialist” and “expansionist” Power, has become in the twentieth century a “pacific” and “satisfied” Power, finding her highest good in the maintenance of the *status*

*quo*, and defending herself against the imperialism and expansionism of others.

Two other factors of a different kind have contributed in recent years to render British supremacy more precarious: the development of oil fuel and the development of aviation.

Nineteenth-century industry was the product of coal, and grew up round the great coal-fields of Britain, Germany and the United States. Britain owed the priority of her industrial development largely to the fact that her coal-mines were the first to be intensively exploited. British bunker coal was the best, and supplied the motive power for the navies and the merchant shipping of the world. In the last War, Britain was able to use her virtual monopoly of supplies of bunker coal in order to force neutral shipping into Allied service. But already before 1914, the internal combustion engine and the oil-driven turbine had created a revolution in power; and it soon became clear that oil, not coal, was now the essential basis of military efficiency. To-day, less than half the ocean-going ships of the world burn coal, and the proportion is still declining. The change has been highly unfavourable to

Britain. In coal, she led the world. In oil, her home territory is completely lacking; and the British Empire and Commonwealth of Nations, taken as a whole, supply less than one-third of their own normal peace-time requirements. Germany suffers from a total deficiency in oil. On the other hand, the United States are potentially the greatest oil-producing area in the world; and the possession of extensive oil-fields enhances the importance of Soviet Russia as a Great Power.

From 1918 onwards, realization of this change influenced British policy in many directions. The Baku oil-fields were the goal of one of the British forces operating against the Bolsheviks in 1918. In the next few years, the oil-fields of Mosul became a centre of diplomatic activity, being a bone of contention first between Britain and France, and later between Britain and Turkey. In 1925, Britain finally secured recognition of their inclusion in the territory of Iraq; and the possession of these extensive oil-fields is one of the motives for British interest in that country. Just before 1914, the British Government had acquired a large block of shares in the Anglo-Persian

(now Anglo-Iranian) Oil Company—a step which sufficiently demonstrated the importance attaching to oil supplies from Iran; and in 1932 the intervention of the League of Nations was invoked to protect the rights of the company against the Iranian Government. One of the rare occasions since 1918 on which the British Government has taken action independently of the United States Government in an American country occurred in 1938, when the Mexican Government confiscated the property of foreign-owned oil companies. Britain protested in the strongest terms, and provoked a rupture of diplomatic relations with Mexico.

The oil policy both of the British and of other Governments has been a favourite target for the attacks of Left writers, who allege that peculiar tenderness has been shown for the profits of great capitalists interested in the oil industry. That official support of oil companies benefits those who have invested in them is perfectly true. But the support of the British Government has been dictated less by the interests of capital than by the vital importance of obtaining effective control of adequate oil supplies for military purposes. This control is,



however, a poor substitute for the natural coal resources at home which helped to make Britain supreme in the nineteenth century. The necessity of importing every year some 3,000 million gallons of fuel oil (a figure which must be vastly increased by War-time consumption) is a commercial and strategic liability which pre-1914 Britain never had to face.

The development of aviation has probably affected British power even more profoundly than the substitution of oil fuel for coal. But its consequences are more difficult to assess, and do not appear to be all adverse. The relation between naval and air power in modern conditions has not yet been fully tested in war; and there is much room for speculation about it. Air power has clearly made Britain more vulnerable to attack from the Continent. It is indeed an exaggeration to pretend that naval power alone ever gave Britain a complete sense of security. In 1860, the then Lord Robert Cecil remarked that "steam has infinitely multiplied our intercourse with Europe and has provided facilities for an invader which none of us are as yet able accurately to esti-



mate.”<sup>1</sup> At that time a French invasion was commonly feared; and as recently as 1914 it was not considered chimerical to organize a home defence force and dig trenches in Eastern England. But the new threat is of a more drastic and more terrifying character, especially as its potentialities can only be guessed. The immense concentration of population, commerce and industry in London and its immediate neighbourhood, where 25 per cent of the inhabitants of Britain are now congregated, has become a source of serious weakness and anxiety. Fear of air bombardment has helped to make the danger of war a matter of personal concern to every citizen. It has also obliged the authorities to reconsider every defence problem. It has brought Europe nearer to Britain, and made European affairs a more constant preoccupation of British policy than in the years before 1914. On the other hand, air power overcomes many of the handicaps of distance, and makes it comparatively easy to control a large and thinly populated area from a single centre. In this way, while from the military standpoint it may weaken Britain

<sup>1</sup> Gwendolen Cecil, *Life of Robert Marquis of Salisbury*, I, p. 302.

nearer home, air power should help to consolidate and strengthen her position overseas.

It is in the light of these changed and ever-changing conditions that we must survey the development of British foreign policy from 1919 onwards. The strength of democracy lies in its capacity to adapt itself to changed circumstances and to face and surmount difficulties as they arise. But in this process there must always be an element of trial and error. Nothing could be more misleading than to suppose that the foreign policy of any country can follow a fixed and charted course, any divergence from which represents an error on the part of the pilot.

## CHAPTER II

### BRITAIN AS A WORLD POWER

THOSE familiar Victorian phrases about our "far-flung" Empire "on which the sun never sets" correctly describe the unique character of British power. The Roman Empire in its day covered a larger proportion of the known world. But never before the nineteenth century had such vast and such widespread territories, dispersed over every continent, been united under a single allegiance. Nor was British power confined to territories under the British flag. Many other lands could be called, without much exaggeration, economic dependencies of Britain. Her strength at this time was so great that much of the control she exercised was indirect and almost invisible.

One fact should, however, always be remembered; for it is of vital importance in judging British foreign policy. Though the British Isles count as a part of Europe, Britain is not

primarily a European power. Her major interests lie in other continents. The only British territory on the European mainland is the rock of Gibraltar. Malta is Britain's only other European possession outside the British Isles. Two-thirds of her foreign trade is done with non-European countries. In the lists of countries from which she receives her imports and to which she sends her exports none of the first six places goes to Europe. Of Britain's overseas investments, less than one-twelfth are in European countries. The traditional policy of British statesmen has been to concern themselves with Europe only when, and to the extent that, they are compelled to do so by conditions in Europe which threaten British security. To say that Britain's main European interest is to keep Europe at arm's length would be an exaggeration. But it contains the essence of an important truth. It is therefore logical to begin the study of Britain's foreign policy by considering her position as a world power and reserve the examination of her European policy to a later stage.

The crucial aspect of British power is its dependence on overseas supplies and therefore

on overseas communications. Britain, the first home of large-scale industrial production and commercial organization, made no attempt to feed her rapidly increasing population from her own resources. On the contrary, she deliberately neglected her agricultural production, preferring to become the world's principal manufacturer, merchant, shipper and banker, while she drew her supplies of food and raw materials from her Empire and from other overseas countries, mainly outside Europe. Even to-day, when British industrial predominance has declined and vigorous attempts have been made to revive British agriculture, 50,000 tons of foodstuffs enter British ports every day; and foreign trade remains as much as ever an elementary necessity of life. The "historic mission" of the British Navy is, as the First Lord of the Admiralty said in the House of Commons on 1st May, 1923, "to keep the seas free for the trade of this country and free for that communication between this country and other portions of the Empire on which, after all, in peace and in war, our security and existence depend."

*(a) The British Empire*

In considering Britain's position as a world power it is natural to begin with her overseas Empire. And here we must distinguish three groups: the British Dominions, forming with Britain what is now generally known as the British Commonwealth of Nations; the dependent Empire which has not yet achieved any measure of self-government; and British India with Burma, occupying at present an intermediate position.

The distinction between "colonies" and "self-governing dominions" which already existed before 1914 has now taken formal shape. Since the Imperial Conference of 1926, the United Kingdom and the British Dominions have been recognized as "autonomous communities within the British Empire, equal in status . . . though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations." This "autonomy" extends to relations between members of the Commonwealth and foreign countries. While there is constant exchange of information and opinions, decisions

on foreign policy are taken independently. Nothing done by the British Government binds the Dominions; and even the entry of the Dominions into a war in which Britain is engaged is a matter for individual decision by each Dominion. The organization of imperial defence is no longer exclusively a matter for the British Government. Co-operation is, however, closest on matters of defence, and becomes especially close at periods of crisis and war, when Dominions have occasion to fear that they may be threatened by some stronger Power and that a defeat for Britain might well terminate their own independence. In practice, the defence of the British Commonwealth is part of the still wider problem of the defence of the Empire as a whole; and though each Dominion makes independent provision for its own security, the main responsibility for defence still necessarily rests on the British Government.

The creation of the British Commonwealth of Nations is one of the greatest achievements of the British democratic spirit. It has been built up out of those values which belong to the essence of democracy—toleration, give-and-



take, the maximum of freedom for the individual, and consideration for the rights of minorities as well as of majorities. Not only are the countries belonging to the British Commonwealth themselves democracies, but the spirit of democracy governs relations between them. The framework of the British Commonwealth covers the widest measure of diversity. The British Constitution is unwritten; the Constitution of the British Commonwealth of Nations is non-existent. The sole symbol of unity is the Crown. But even the authority of the Crown is differently interpreted in different countries of the Commonwealth. The sole representative organ of the Commonwealth is the periodical Imperial Conference, which has no permanent secretariat or other machinery and takes no binding decisions, but meets simply for the purpose of discussing matters of common interest in complete freedom and equality. No system has been established for the arbitration of disputes between members of the Commonwealth. In this complete lack of constitutional machinery, written covenants or binding rules, the British Commonwealth of Nations stands in striking contrast to the League of Nations. One



is tempted to record the conclusion that, where the values of democracy are prized and applied, practical co-operation is best achieved without machinery to enforce it, and that, where these values are neglected, co-operation cannot be secured by the most perfect and most comprehensive machinery.

The principles of democracy do not find such ready application to the non-self-governing territories of the British Empire. To rule a subject Empire, especially a subject Empire whose different parts stand at such utterly different stages of development, presents problems of great difficulty to a democracy; and it will not be pretended that British democracy has solved them all. Many varying methods of government have been tried. In some colonies—for example, Ceylon, Malta and some of the West Indian colonies—popular legislatures have been established conforming more or less closely to European models. But these experiments have not everywhere proved successful, and in some cases (e.g. Malta) have had to be abandoned. More frequently, and in particular among the more primitive peoples of the Malay States and British Africa, the

principle of "indirect rule" has been adopted, local rulers, local forms of administration and local traditions being as far as possible maintained under British supervision. The declared aim of the British Government is to apply, both to the territories received under Mandate in the peace settlement of 1919 and to the older parts of the non-self-governing Empire, the principle proclaimed in the Covenant of the League of Nations "that the well-being and development of such peoples form a sacred trust of civilization." The most important implication of this principle of trusteeship is that the administration of the colonies must be directed first and foremost to the promotion of their own welfare, and not to the advantage of the trustee Power. Amid many imperfections of practice, it may fairly be claimed that Britain has in recent years made some progress in her colonial administration towards the realization of this aim. Democracy, which makes the colonial administrator ultimately subject to the control and criticism of Parliament and public opinion, has been a not inconsiderable factor in this progress. In the case of the former German colonies now held

by Britain under Mandate, there has been the further feeling that, if the retention of these territories is to be justified, some substantial advance must be shown on the old policies and methods of administration.

British India and Burma stand in a class apart, not only on account of their vast size and population and the multiplicity of races which they contain, but because "Dominion status" has already been held out to them as a prospect of the not too remote future. India has been an independent member of the League of Nations since its inception, and has been represented at recent Imperial Conferences. Except on matters of defence and foreign relations, control of policy has passed largely into Indian hands. In particular, almost complete autonomy has been achieved in matters of economic policy. The new Indian constitution of 1935 was an attempt to create a system of federal government on predominantly democratic lines throughout India. But it has encountered opposition, and is not yet fully operative. The application of democracy to British India is a still unsolved problem.

*(b) Britain and America*

The maintenance of her overseas trade routes and the defence of her overseas territories must always be the first preoccupation of Britain's foreign policy. In the latter part of the nineteenth century, the performance of this mission was held to require the maintenance of a "two-Power standard," i.e. that the British Navy should be a match for the combined navies of the two next strongest Powers. Even before 1914, however, German naval competition had put some strain on this principle. In 1918, insistence on it was out of the question. The German navy was destroyed, and Britain had no other serious naval rival in Europe. But the United States and Japan had built up powerful fleets during the War; and an attempt by Britain to outbuild these two relatively unexhausted countries would have been a flagrant absurdity. At a conference held at Washington in the winter of 1921-2, agreement was reached to limit the numbers of capital ships of the British, American and Japanese navies in the ratio of 5 : 5 : 3; and by the London naval agreement of 1930 this

ratio was extended to light cruisers. These agreements lapsed at the end of 1935 owing to the refusal of Japan to renew them. But British naval policy was still determined by the principle established at Washington. Britain aimed at maintaining a navy equal to that of the United States and comfortably superior to that of the next strongest naval Power.

When the Bill to approve the Washington Treaty was submitted to the House of Commons, the Member for Devonport expressed the view that it meant "a great loss of prestige for this country and especially naval prestige." But he stood alone. The principle of naval equality with the United States immediately won, and still enjoys, wholehearted and virtually unanimous approval. In the second half of the nineteenth century, British relations with the United States had almost imperceptibly come to assume a different character from those with other foreign countries. The spirit in which they were conducted was best exemplified by the readiness of both sides to submit disputes affecting important interests to arbitration. Even though growing American competition threatened British overseas trade as much as

German competition did, British popular feeling was always turned against the German competitor. Behind the rivalry with the United States, there was a deep-seated feeling of a community of vital interests between the two nations. This feeling, intensified by co-operation in the War, made the Washington Naval Treaty seem a natural development of British policy. Its implication was that war with the United States had become unthinkable; for Britain, with her day-to-day dependence on imports and her long and vital lines of communication, could not possibly face war with a naval Power as strong as herself. The two-Power standard of the pre-War period had been replaced, as the corner-stone of British policy, by the one-Power standard *plus* perpetual peace with the United States.

The welcome given to this change by British opinion should not, however, blind us to the magnitude of its effect on British policy as a whole. Not only can Britain never contemplate war with the United States, but she could never contemplate any war with a first-class Power in which she could not count on the benevolent neutrality of the United States. Between 1914

nd 1917, the British Government was constantly preoccupied to minimize friction with the United States arising out of the Allied blockade of Germany. But at that time the United States were physically unable, even if they had wished, to translate their protests into action and break the blockade. This is no longer the case. One of Britain's most formidable weapons, the blockade, can only be employed with the open or tacit toleration of the United States; and Mr. Baldwin in a speech of November 1934 crystallized what is likely to remain a guiding principle of British policy:

"Never, so long as I have any responsibility for governing this country, will I sanction the British Navy being used for a naval blockade until I know what the United States of America are going to do."

In these conditions, many Englishmen have cherished the dream of a sort of Anglo-American partnership to impose peace and order throughout the world—the function, broadly speaking, performed by British supremacy in the nineteenth century. The vision has been greeted with less enthusiasm in the United



States, where it is sometimes hailed as an attempt to induce America "to pull British chestnuts out of the fire." This description has at any rate the merit of a good caricature. Increased responsibilities, and the growing embarrassment of having to meet them, have doubtless helped to make American collaboration particularly attractive to British spokesmen of all parties. But in assuming the position of one of the two great world Powers, the United States have also acquired responsibilities which they can scarcely evade and interests which they will feel impelled to defend; and these responsibilities and interests run parallel with those of Britain. The chestnuts are no longer all British. Anglo-American friendship perforce remains the corner-stone of British policy; and it also seems to offer, on a long view, the best prospect of extending to other parts of the world the spirit of orderly and peaceful development which governs relations between Britain and the United States.

The British Dominions play a peculiar and significant role in relations between Britain and the United States. Like the United States, they share the heritage of the English language



and English literature, as well as of British democracy. Some of them, like the United States, have mingled this heritage with the traditions of other peoples, who have blended with the British stocks or live peacefully side by side with them. The Dominions have halted half-way on the path once traversed by the American colonies from absolute dependence on Britain to complete independence, though it is not impossible that some of them may one day decide to pursue that path to the end. All this gives the people of the United States a particularly warm feeling for the people of the British Dominions—a feeling which is generally reciprocated. These ties are naturally closest in the case of Canada, which is in direct contact with the United States throughout the length of her three-thousand-mile frontier. Indeed, the statement made above that the main responsibility for the defence of the British Dominions rests on the British Government here requires some qualification. Canada, and the other American territories subject to the British Crown, enjoy the protection of the Monroe Doctrine. During a visit to Canada in August 1938, President

Roosevelt declared that Canada was "included in the fellowship of the Americas," and proceeded as follows:

"The Dominion of Canada is part of the sisterhood of the British Empire. I give you the assurance that the people of the United States will not stand idly by if the domination of Canadian soil is threatened by any other Empire."

In practice the same principle would certainly apply to British possessions in the Caribbean and in Central America. In the present state of Anglo-American relations, defence problems hardly arise for Britain in regard to these territories.

(c) *British Africa*

The problem of the defence of British Africa is primarily a European problem; for neither British African territories nor communications with them could be seriously endangered except by a European Power. The security of the sea route to East Africa via Suez is dependent on British control of the Mediterranean and of the Red Sea. The West coast route could hardly be threatened so long as Britain retains com-

command of the sea, holds Gibraltar, and maintains her traditional alliance with Portugal. This furnishes an alternative route, which may in war prove invaluable, from Western Europe to India and the Far East; and the naval base at Simonstown, near the Cape of Good Hope, which is maintained by agreement between the British Government and the Government of the Union of South Africa, is potentially a vital point in imperial communications. The Italian empire in East Africa created by the conquest of Abyssinia would be a serious initial embarrassment to Britain in the event of war with Italy, and a direct threat to British Somaliland and to Kenya. But unless Britain were entirely ousted from the Mediterranean and the Middle East, the Italian position in Africa would quickly become untenable; and this is one of the facts which may make Italy extremely reluctant to break finally away from her time-honoured policy of friendship with Britain. The restoration of Tanganyika to Germany would constitute a still greater threat to British power in Africa, more especially since this territory is now an important link in the Cape-Cairo air route. The restoration to

Germany of her former colonies in West Africa might seem at first sight less detrimental to British interests. But any such possibility has now been placed for an indefinite period beyond the range of practical politics.

(d) *The Middle East*

The Middle East owes the important place which it occupies in British policy to its position as the bridge between Europe and Asia or more specifically, between the Mediterranean and the Indian Ocean. It is thus an essential link in British communications by sea and by air. It has also a subsidiary importance as a valuable source of oil supplies.

The sea route via the Suez Canal is safeguarded by the Anglo-Egyptian Treaty of 1936, which regularized a situation existing since the recognition of Egypt as an independent state in 1922. The essential interests of Britain in Egypt are that no foreign Power should obtain a foothold in the country and that adequate British forces should be maintained in the vicinity of the Canal to protect it against any possible attack; and for these reasons, the defence of Egypt is recognized as equivalent to

the defence of British territory. Subject to these conditions, it is the aim of British policy that Egypt shall enjoy the fullest independence. The route from the Red Sea to the Indian Ocean is commanded by Aden, the only fortified British naval and air base between Malta and India; and Britain has special agreements with the quasi-independent sheiks who control the coastal districts of Arabia and the Gulf of Oman. Throughout this area, the principal aim of British policy is to ensure that no foreign Power shall establish there a base from which British communications might be threatened. In 1903, when Russia was suspected of aggressive designs in Persia, Lord Lansdowne announced that the establishment of a naval base or fortified port by any foreign Power on the Persian Gulf would be treated as an act of war. In July 1937, when Italy's conquest of Abyssinia was thought to have increased Italian influence and prestige in Arabia, Mr. Eden declared in the House of Commons that it was "a major British interest that no Great Power should establish itself on the eastern shore of the Red Sea."

Just as the sea route to the East is safe-

guarded by a treaty with Egypt, so the air route is safeguarded by a treaty with Iraq which came into force when the British mandate over the country terminated in 1932. The treaty provides for a permanent alliance between Britain and Iraq, imposes on Britain the obligation of defending Iraq against external attack, and gives Britain "certain military facilities in Iraq territory." Under this treaty, Iraq has become the principal British air base in the Middle East, and an important point on British civil air routes to the East. Palestine is a minor link in this chain, besides covering the Suez Canal from the north. Here, too, the principal British interest is that no foreign Power shall establish itself in the country. Palestine has of late been the black spot in the British position in the Middle East. For no British Government has yet succeeded in finding a way out of the deadlock created by a War-time undertaking to create a Jewish National House in the midst of a hostile Arab population, whose rights Britain had equally promised to respect.

✓ Broadly speaking, the Middle East is a part of the world where, thanks to the dissolution of

the Turkish Empire, to the retirement of Russia and Germany from the scene, and to the development of aviation, British power is stronger and more secure to-day than it was before 1914; and the exploitation of the oil resources of these regions has contributed to their commercial and political development.

(e) *The Far East*

On the other hand, nowhere has Britain's position as a world power been more seriously and effectively challenged in post-War years than in the Far East. In the process of opening up China to foreign trade and settlement, which began about a hundred years ago, Britain was the pioneer. In the value of her investments in China and of her share in China's trade, as well as in the number of her nationals doing business in China, Britain was throughout the nineteenth century the uncontested leader. British settlements in the treaty ports were the earliest, the largest and the wealthiest. The international settlement at Shanghai was under predominantly British control, seven out of the nine seats on the Municipal Council being normally held down to 1914 by British sub-



jects.<sup>1</sup> But as elsewhere, British commercial supremacy in China was being successfully challenged by Germany and the United States before 1914; and here British trade suffered from Japanese as well as from German and American competition.<sup>2</sup> In China the decline was particularly severe for a special reason. In the nineteenth century, the main Chinese import was textiles, in which Britain had at this time a virtual monopoly. In the twentieth century, the Chinese textile industry developed with astonishing rapidity; and imports of machinery, in which Britain held a subordinate place, increasingly took the place of imports of manufactured goods. Germany was temporarily driven from the market by the War. But by 1935, Britain had to be content with the fourth place in China's imports, being out-distanced by the United States, Japan and Germany. Even before the outbreak of the recent war, the Japanese formed the most numerous foreign colony in most of the treaty ports. Only in the value of her investments did

<sup>1</sup> There are now five British members out of nine.

<sup>2</sup> Official statistics fail to give an exact picture of these changes; for until 1931, imports into China through Hong Kong were returned as of British origin.



Britain retain her lead, owning in 1931 (according to the latest reliable estimate) 49 per cent of all foreign investments in China, while Japan came second with 24 per cent. But the vast majority of these British investments had been made before 1914.

As British economic supremacy in nineteenth-century China was based on her long lead in world markets as a manufacturing and exporting country, so her political supremacy was based on the absence of any Power in the Far East strong enough to match itself against the British Navy in Chinese waters. When towards the end of the nineteenth century Russia began seriously to encroach on China's land frontier and, supported by France, to challenge British predominance, Britain called in the rising, but still modest, power of Japan to redress the balance. The Anglo-Japanese alliance allowed Britain to retain for some years longer her commanding position in the Far East. But even before 1914 the political, as well as the economic, scene in the Far East was beginning to change; and since 1914, the nineteenth-century picture of a dependent China and a predominant Britain has faded rapidly away.

In the first place, China has developed, not only a large measure of industrial independence, but an enhanced national consciousness and national resentment of foreign tutelage. Secondly, Japan has become, no longer the junior partner, but the powerful rival, of Britain. British policy in the Far East has been dominated by these two factors.

In the first post-War years, the adjustment of British relations to China was the most serious problem of British policy. The pre-War methods of intervention and control were no longer practicable. In the Nine-Power Treaty signed in 1922 at the Washington Conference, all the Powers interested in the Far East pledged themselves to respect the independence and integrity of China and "to refrain from taking advantage of conditions in China to seek special rights or privileges which would abridge the rights of subjects and citizens of friendly states," a halt being thus called to the nineteenth-century policy of territorial annexations and concessions. Next to the maintenance of her political independence and integrity, the most vital need for China was to obtain control of her own customs tariff, which was limited by

international agreement to a 5 per cent *ad valorem* rate. Here too, concessions were promised by the Powers at the Washington Conference. But civil war was now spreading over China. No stable government in control of the whole country existed; and this made it easy for the Powers to delay the fulfilment of their promises. Britain, as the leading foreign Power, became the principal target of Chinese nationalist agitation. But in 1926-7 Britain, by taking the initiative in concessions and by "going more than half-way to meet China,"<sup>1</sup> came to terms with the new national government of China under Chiang Kai-shek; and since then, Anglo-Chinese relations have been smooth and friendly. But these relations are based on a recognition of China's claim to full independence. Neither politically nor economically is China prepared to concede to any foreign Power of her own free will the preponderant position enjoyed by Britain in the nineteenth century.

If Britain's former predominance in the Far East has been undermined by Chinese nationalism, it has been far more rudely shaken by

<sup>1</sup> The phrase occurs in the British memorandum of December 1926, in which the new policy was announced.

Japan. Between 1914 and 1918, while other Great Powers were occupied elsewhere, Japan revealed an unmistakable ambition to become the dominant Power in China. This ambition undermined the Anglo-Japanese alliance and, combined with the growing unpopularity of this alliance in the United States and in some of the Dominions, decided Britain to bring it to an end. For some years, Japan adopted a waiting policy, and at the Washington Conference accepted with the other Powers the obligation to respect the independence and integrity of China. But her ambition to succeed Britain as the dominant Power in the Far East was suspended, not abandoned. Since 1931, when Japan began military operations on Chinese soil, British policy in the Far East has been entirely dominated by the Japanese problem. For the first time, Britain in the Far East has had to face the rivalry of a first-class Power on the spot. The margin of naval superiority which Britain enjoys over Japan would be far more than counteracted by the effect of distance, even if Britain could concentrate her main naval effort in the Far East. But apart from the growing tension in

Europe, such concentration would until quite recently have been impossible on technical grounds. Prior to 1914 the little island of Hong Kong off the South China coast, ceded to Britain in 1842, served as an adequate base for British naval power in the Far East, and was impregnable by any foreign fleet which was likely at that time to appear in Far Eastern waters. The building by Japan of a first-class navy threatened the security of Hong Kong. Hong Kong lies within 300 miles of the Japanese island of Formosa, and moreover does not lend itself to the construction of a large base for modern capital ships. After the War, not only did Japanese naval forces hold the upper hand in the Far East, but Britain possessed no reliable naval base east of the Indian Ocean. Recollections of the depredations of the *Emden* and other German raiders in Eastern waters were still recent. These circumstances induced the British Government in 1921 to decide on the construction of a first-class naval base at Singapore. Work had not proceeded far when the Labour Government of 1924 shelved the scheme. It was restarted by the Conservative Government in the following year,

once more suspended by the Labour Government of 1929-31, and resumed by the National Government in 1931. Owing to these delays, the graving-dock for capital ships—the most essential part of the scheme—was not finally completed till February 1938.

Singapore commands the passage from the Indian Ocean to the Pacific, protects vital trade routes, covers the Dutch East Indies and the other islands of the Malay Archipelago, and is an important outpost of the defences of Australia and New Zealand who, together with Hong Kong and the Federated Malay States, contributed to its cost. It is one of the key-points in Britain's position as a world Power. But it does not suffice to restore to Britain the commanding role which she once played in China. Separated by nearly 1,500 miles from Hong Kong and from the nearest point on the China coast, Singapore is not an adequate base for operations in Chinese waters against a powerful hostile fleet, even if conditions in Europe were sufficiently tranquil to permit of the concentration of a major part of the British Navy at Singapore; and this has not been the case for many years. Britain is not, and never



was, in a position to prevent a strong Far Eastern Power from controlling Far Eastern waters. The difference is that, before the twentieth century, such a Power did not exist.

Nor has Britain been able to call in another Power to redress the balance against Japan, as she called in Japan nearly half a century ago to redress the balance against Russia and France. Soviet Russia has restricted herself to a minor role in the Far East; and Japan for some time countered any Soviet ambitions to intervene there by signing the Anti-Comintern Pact with Germany in the autumn of 1936. The United States have been hesitant and reserved. Nowhere has American opinion been more sensitive to the danger of being cajoled into "pulling British chestnuts out of the fire"; and it is frequently recalled that American interests in China are small in comparison with those of Britain. The Japanese conquest of Manchuria in 1931 aroused great hostility in the United States; and the legend has grown up that American eagerness to take action against Japan at that time was curbed by British reluctance. Whatever passed between the two Governments on that occasion,

the episode can have made little difference to the march of events, since the only step which could have been taken in common was a gesture of protest. Neither at that nor at any subsequent time were the United States any more ready than Britain to undertake military action in the Far East; and only belief in the imminence of such action would have deterred Japan. In 1935, the United States announced their intention to grant independence to the Philippines and abandon the only naval base from which they could conduct effective naval operations in China. This decision may be revised, though American opinion as represented in Congress still seems bent on withdrawal. But military action against Japan by the United States is in the highest degree improbable.

In these conditions, Britain, more and more distracted by the dangers of the European situation, was equally unable to take any effective steps to resist the Japanese invasion of China, which has been in progress on a constantly expanding scale since July 1937. In November, four months after the outbreak of this undeclared war, Mr. Eden stated in the



House of Commons that British policy in the Far East was to "go as far as the United States, in full accord with them, not rushing in front, but not being left behind." In the same month, a conference of signatories of the Washington Nine-Power Treaty other than Japan was held at Brussels. The result was to show that the United States were no more inclined than Britain to take a strong lead. Thereafter, the British Government, like the United States Government, continued, in repeated notes of protest to Japan, to insist on respect for the Nine-Power Treaty and on the principle of the Open Door and of equality of opportunity for all in the trade of China. But these protests were of little avail, and British, and less frequently American, interests were openly disregarded by Japanese military authorities. The most concrete step taken by Britain to assist China (in imitation of similar action by the United States) was a British Government guarantee, in March 1939, of the British half of a loan of £10,000,000 made jointly to the Chinese Government by British and Chinese banks for the purpose of maintaining the foreign exchange value of Chinese

currency. This helped China for some time to resist Japanese attempts to impose on China a new currency based on Japanese *yen*.

In June 1939, the obstinate resistance of the Chinese, the belief that this resistance was encouraged by British sympathy and support, and the knowledge that the European crisis immobilized Britain for effective action in the Far East, impelled Japan to embark on a definitely anti-British policy. The detention by the British authorities in Tientsin of four Chinese accused of the murder of a pro-Japanese compatriot was made the pretext for a blockade of the British Concession at Tientsin. The supply of foodstuffs to the Concession was interfered with, and British subjects passing into or out of the Concession were singled out (as distinct from other foreigners) for humiliating treatment. The Japanese Government took pains to make it clear that the real object of these measures was not to secure the surrender of the four Chinese, but to enforce a change in the British attitude towards Japan's campaign in China. In particular, it was desired to induce the British authorities to prohibit the circulation

in the Concession of Chinese Government notes and to substitute for them the new Japanese-sponsored currency, and to hand over to the puppet "Provisional Government" the silver resources belonging to the Chinese Government and deposited in the Concession.

The British Government took the line that these wider questions, which also concerned other signatories of the Nine-Power Treaty, could not be settled by negotiation between Britain and Japan alone. But they agreed to discuss with the Japanese Government the local issues which had given rise to the Tientsin blockade; and in order to facilitate these discussions they made a declaration to the effect that they had "no intention of countenancing any acts or measures" prejudicial to the security of the Japanese forces in China or to the maintenance of order in the Japanese-occupied areas. On receipt of this assurance, the Japanese authorities relaxed the special measures directed against the British Concession in Tientsin; and Anglo-Japanese conversations began in Tokyo on 15th July. The conversations made little progress and soon reached a deadlock. The British negotiators

refused to extend the discussions to other than local issues. The Japanese insisted that no settlement was possible which did not cover the currency problem and the whole question of the British attitude to Japan in China. Relief was afforded by the news of the conclusion of the German-Soviet Pact on 23rd August. The shock which this agreement administered to Japanese opinion caused an immediate relaxation of tension between Britain and Japan; and at the moment of the outbreak of war in Europe, the prospects of improved relations between the two countries in the Far East seemed better than for many months past. Nevertheless, the probability cannot be ignored that the outbreak of hostilities in Europe will, in 1939 as in 1914, result in a strengthening of Japan's hand everywhere in the Far East.

## CHAPTER III

### BRITISH ECONOMIC POLICY

THE command of the seas is not by itself sufficient to provide for those imports which are indispensable to the life of Britain. These imports must be paid for, in part by visible exports, chiefly of coal and manufactured goods, and in part by so-called "invisible exports," which consist of payments received for transport and other services rendered to other countries, and of interest or dividend payments on British investments overseas. In the case of Britain, invisible exports are of the highest importance; for the annual excess of imports over visible exports has in recent years reached or approached the colossal figure of £400,000,000. Every British Government must be concerned to see that the balance between necessary imports and exports, visible and invisible, is maintained. Failure to balance the account over a period of years would inevitably

result in a general lowering of the standard of living. Prior to 1914, largely owing to the more flourishing state of British export trade, the balance of payments usually showed a healthy surplus. Recently, it has been maintained with considerable difficulty, and in some years has actually shown a deficit. To encourage and develop British exports and British shipping and other services, and to assure the regular payment of interest on British investments abroad, is therefore an important part of British policy.

It is sometimes argued that, when the British Government imposes a tariff on imports, or subsidizes exports, or puts pressure on a foreign country to pay interest due on British investments, it is acting for the benefit not of the whole nation, but of the capitalist class. It is clear that such action often brings direct and primary advantage to the owners of the capital concerned. But it is also a necessary factor in the solvency of the country as a whole; and in many cases the charge which can most legitimately be brought against such action is that it benefits one industry or one interest at the expense of others, rather than that it benefits

capital at the expense of labour. It will often be observed that capital and labour in a given industry, though at loggerheads as to the distribution of profits, will combine to demand from the government action beneficial to the industry as such. There is, therefore, such a thing as a national economic policy, though this does not, of course, mean that every policy adopted is necessarily the best for the nation, or that, even if it is, its benefits are always equitably distributed between industry and industry, or between class and class.

The traditional British policy in economic matters right down to 1914 was one of *laissez-faire*, which was, in a sense, the negation of a policy. Britain was too prosperous to require a policy. Her markets were open to all. Of other countries she asked only that their markets should be open to her on the same terms as to any other foreign Power. Free trade at home and most-favoured-nation treatment abroad were the two pillars of British economic policy. Such an attitude implied confidence on the part of the British manufacturer or merchant in his ability to beat any rival in equal competition, and was a token of Britain's immense



economic strength. But towards the end of the nineteenth century, as we have seen, German and American competition made themselves more and more keenly felt. Early in the 1900's Britain had for the first time a grave unemployment problem. The bulk of the Conservative Party were won over for "tariff reform" (a characteristic euphemism for protection). But down to 1914, no breach was made in the traditional economic system.

The War led the way to a reversal of British policy which was already in the air. In many fields, the experience of the War revealed the shortcomings of *laissez-faire*, and increased the authority of the state. It pointed the necessity of curtailing superfluous foreign imports, which might impose undue strain on the exchanges. It emphasized the military importance of developing certain "key industries" at home, as well as the danger of wholly neglecting home agricultural production. By inflaming national passions, it strengthened the resentment already felt before the War against foreign, and especially German, "dumping," and gave an emotional stimulus to protection. In 1915, the



“McKenna duties” were imposed as a “temporary expedient” on a few luxury articles. In 1916, the Allied Governments declared at a Conference in Paris that it would henceforth be a principle of their policy “to render themselves independent of the enemy countries in so far as regards the raw materials and manufactured articles essential to the normal development of their economic activities.” The principle of “autarky” thus received its first official blessing. Everywhere the seeds of post-War economic policy were sown during the period of hostilities. It was several years before the weed came to its full growth.

British economic policy since 1918 has rarely been free from the contradictions inherent in a desire to make the best of both worlds—the nineteenth-century world of free markets and the post-War world of economic nationalism. Four distinct phases or periods may be distinguished:

(a) In the first, which lasted till 1931, the declared aim of British policy was to promote a general return to the pre-War system of relatively free markets, though this did not carry with it a willingness to abandon the

limited measure of protection already adopted by Britain herself.

(b) The second phase, covering the years 1931-3, was the period of crisis and transition, when Britain abandoned her own tradition of free markets and a fixed standard currency.

(c) In the third phase from 1933 to 1938, Britain consolidated her own economy on "national" lines, while endeavouring to defend the last vestiges of the principle of free markets against countries which had moved further than herself along the road of economic nationalism.

(d) The latest phase, which may be said to have opened in the winter of 1938-9, is marked with the special characteristics of a war economy, and its effects cannot yet be estimated.

### 1. *First Phase, 1919-31*

When the War ended, men's thoughts naturally turned back with longing to that peaceful period before 1914 which looked in retrospect like a paradise of prosperity. In most countries, it was assumed without argument, and

without much reflection, that the aim of financial and economic policy was a return to pre-War conditions. Thus an important international conference of financial and economic experts which met at Brussels in 1920 unanimously recommended a general return to the gold standard, the "re-establishment of normal economic conditions," and the "re-establishment of public finances on a sound basis." The ideal of a return to the comparative freedom of pre-War markets was unchallenged. But the practice of the Allied Governments themselves did not always conform to it. In the peace treaties, they deprived the enemy countries of the right to most-favoured-nation treatment in Allied countries for a period of five years (while claiming that right for Allied goods in the enemy countries). Nor was there any haste to remove other restraints on trade. Britain, far from withdrawing the "temporary" McKenna duties, extended them, by the Safeguarding of Industries Act of 1921, to a far larger range of imports; and in 1922 indirect protection (soon to be replaced by a direct subsidy) was given to home-grown sugar-beet, thus initiating as a permanent policy the War-

time device of state-supported agricultural production.

In one respect, Britain made a vigorous but foolhardy bid for a return to pre-War conditions. Financially, she was still immensely strong. It was thought that to put sterling back on a gold basis at the pre-War parity, and re-establish a free market in gold, would restore London to its old position as the financial centre of the world. This step appealed more readily to the bold imagination of Mr. Churchill than to the sober calculations of economists; and he carried it through in his first budget as Chancellor of the Exchequer in April 1925. It proved an expensive blunder. Neither prices nor wages could be easily adapted to this sharp increase in the value of the national currency. The competitive power of British coal and British manufactures in foreign markets was seriously impaired. Britain shared less than any other great country in the prosperity of the "boom" period 1925-9. Not until the crisis compelled her once more to devalue her currency did her position in world trade begin to revive.

In other respects, British professions and

British practice continued to diverge. No opportunity was lost of preaching the importance of removing or reducing barriers to trade; and numerous recommendations in this sense were unanimously made by a conference of economic experts which met at Geneva in 1927. But British Conservative Governments maintained the protective duties instituted during and since the War, and added to them from time to time, pleading (truly enough) that they were trivial compared with the tariffs of most other countries. The Labour Governments of 1924 and 1929 were more consistent, cancelling some of the less important duties; and in 1930, a campaign was launched at Geneva for a tariff truce, the parties to which would agree not further to increase their tariffs for twelve months. This British initiative received many compliments, but little support. In 1930, the United States Congress voted the highest tariff yet known; and in the following year, the economic crisis finally swept away the first post-War period of moderate tariffs and good resolutions.

(2) *Second Phase, 1931-3*

In the second period, British financial and economic policy underwent three major revolutions. Britain abandoned the gold standard, and adopted the policy of a managed currency; she abandoned free trade and introduced a general system of industrial and agricultural protection; and by signing the Ottawa Agreements, she abandoned in fact, though not in name, the principle of most-favoured-nation treatment.

The first revolution was a forced one. The economic crisis led, in the spring of 1931, to a financial breakdown in Central Europe. This had repercussions in London, where financiers and investors had participated heavily in credits and loans to Germany and neighbouring countries. Simultaneously, it became clear that the crisis would produce a serious deficit in the British budget; and this encouraged doubts of the stability of sterling and caused a run on the exchange. The Labour Government took steps to meet the deficit. But minor differences of opinion in the Cabinet on proposed cuts in expenditure increased the general uneasiness.

In August, Mr. Ramsay MacDonald the Prime Minister and a few other ministers separated themselves from the majority of their colleagues, and joined the Conservatives and some Liberals in forming a National Government. This did not, however, stop the flight from sterling. On 21st September, the Government suspended the operation of the Gold Standard Act, which required the Bank of England to sell gold at the standard rate. Sterling "went off gold," and quickly declined in value by some 25 per cent. This devaluation—a reversal of the false step taken in 1925—had no untoward effects on prices at home, and gave an immediate stimulus to British export trade, so that many foreigners afterwards came to believe that it had been deliberately taken. When in 1932 the Government succeeded in converting the large 5 per cent War Loan into a  $3\frac{1}{2}$  per cent Loan and so forcing down interest rates, the stability of British finances under the new system seemed assured.

The second revolution in British policy was equally striking. The gravity of the economic crisis was reflected everywhere—and especially in Britain—in the growing unemployment



problem. When unemployment insurance was first introduced in Britain in 1912, the proportion of unemployed to the number of insured persons was about 5 per cent. After the War, it never, except for a few weeks in 1927, fell below 10 per cent. In 1930 it reached 16 per cent, and for the next two years was well over 20 per cent, reaching its peak figure of 2,845,000 at the beginning of 1933. No post-War Government has been able to ignore this tremendous problem. The incidence of unemployment was by far the heaviest in the staple export trades, such as coal and textiles, and in shipbuilding. For a long time, the view was taken that the cure for the problem lay in a return to pre-War conditions and a re-opening of former British export markets. By 1931 these hopes were dead. The failure of the tariff truce proposals destroyed the last vestige of belief in a general reduction of trade barriers. There was no longer any alternative but to seek to re-employ the unemployed in new industries built up behind tariff walls and with government subsidies. After the sweeping victory of the National Government in the General Election of November 1931, measures of pro-



tection were at once introduced, and legislation authorizing a general tariff was passed in February 1932. The protection accorded to industry could hardly be refused to agriculture. The general tariff was extended to certain agricultural products. But in the main the system adopted for agricultural protection was that of the quota, which sometimes took the form of "voluntary regulation." Imports were quantitatively limited, and percentages of the total assigned to different countries. The quota system was applied to bacon, meat, potatoes, fish, eggs and processed milks, and became the subject of elaborate bargaining with the countries from which Britain drew her imports of those commodities.

The new agricultural policy was closely involved in the third revolution in British economic policy: the Ottawa Agreements. For thirty years, the protectionist movement in Britain had made imperial preference a main plank of its programme. Now that protection had triumphed, imperial preference must be brought into operation; and this was the task of the imperial economic conference which met at Ottawa in July-August 1932. The interest

of the Dominions in the British market is mainly confined to agricultural products. The methods of agricultural protection or subsidy now in force in Britain are varied and complicated, but the principle established by the Ottawa Agreements is uniformly applied. The home farmer may or may not enjoy an initial protection against the Dominion farmer. But both are protected in the British market against foreign competitors. Corresponding, though generally less substantial, preferences are accorded to British manufactures in the Dominion markets; and the system of mutual preferences has been extended to some of the non-self-governing territories of the Empire. By the Ottawa Agreements, the first modest step was taken towards the constitution of an imperial economic unit.

When, therefore, the World Economic Conference assembled in London in June 1933, Britain had already embarked on three new and (so far as she was concerned) revolutionary policies: a managed currency, industrial and agricultural protection, and tariff and quota preferences for a privileged group of countries. The new British attitude was reflected in the

speech made to the Conference by the Chancellor of the Exchequer. Mr. Neville Chamberlain, while admitting that a return to a gold standard might be "the ultimate aim of monetary policy," was content for the present to plead for "greater stability in the relative value of currencies" and "the abolition of exchange restrictions." He deprecated "excessive customs tariffs" and "arbitrary import quotas"; but the adjectives were evidently designed to protect the innocence of British tariffs and British quotas. He claimed "the widest and most unconditional interpretation . . . of the most-favoured-nation clause," but argued that the clause could not be invoked in the case of "regional or group agreements . . . based on historical associations such as are already generally recognized." This was indeed the weakest link in the British argument. If preferential agreements between countries historically associated were legitimate and would (as British and Dominion spokesmen did not hesitate to maintain) "stimulate and increase the trade of the world," it was difficult to see why the same economic advantages might not flow from preferential agreements between

countries not so associated, or what virtue of any kind still attached to the most-favoured-nation principle of non-discrimination. Other countries could scarcely be expected to recognize the unique claim of the British Empire. The Ottawa Agreements did in fact pave the way for the virtual abandonment of most-favoured-nation treatment as the basis of international economic relations and for the formation of more or less compact economic groups of countries united by a mutual arrangement. The development and consolidation of such groups has been characteristic of the period since 1933.

### 3. *Third Phase, 1933-8*

The policy of economic groups made its first and unpremeditated appearance in the financial sphere. When Britain abandoned the gold standard in 1931, many countries (including Australia, New Zealand and most of the Scandinavian and Baltic states), whose economic and financial systems bound them closely to Britain, found it in their interest to link their currencies to sterling rather than to keep them on gold. There thus was formed what came to

be known as a "sterling *bloc*" gravitating round Britain, though the group was of an informal character, and there was no regular consultation between its members on financial policy. This was opposed to the "gold *bloc*" of European countries which still adhered to the gold standard; and both these *blocs* were distinguished from those countries which did not maintain a free exchange currency at all. Changes in the picture soon occurred. There were fresh accessions to the sterling *bloc*. In 1933, the United States left the gold standard, and a movement was made towards the formation of a "dollar *bloc*" covering some parts of Latin America. In 1936, the gold *bloc*, whose common interest had been mainly that of companions in misfortune, broke up altogether. Subsequently some of the strong Powers which had no free exchange currency attempted to build up *blocs*. In south-eastern Europe, there are the beginnings of something like a "mark *bloc*," and Japan is trying by force of arms to establish a "yen *bloc*" in the Far East.

The solidarity of the sterling *bloc* was enhanced by British financial policy. During the crisis of 1931, an informal embargo (the result

not of legislation, but of an unofficial arrangement with banks and issuing houses) was placed on all public loans to overseas borrowers. In January 1933, when the War Loan conversion scheme had been successfully completed, this embargo was relaxed for the benefit of the British Empire and British Commonwealth of Nations only. The slight advantage which Dominions borrowers already enjoyed in virtue of "trustee status" was thus converted into a virtual monopoly of overseas loans issued in London, this being the financial counterpart of the Ottawa Agreements. Subsequently, exceptions to the embargo have been allowed in favour of loans whose proceeds would produce direct profit to British industry and of loans to other countries within the sterling *bloc* for the purpose of maintaining the stability of the exchange. The sterling *bloc* had already attained a position of considerable power when, in September 1936, after the demise of the gold *bloc*, Britain, the United States, France concluded a tripartite monetary agreement for the purpose of maintaining, as far as possible, a stable relation between their respective currencies. This constituted a sort of sterling-

dollar alliance, the now weakened franc being taken under the wing of both. While, therefore, sterling and dollar *blocs* still exist, the tripartite monetary agreement brought into being a sort of joint free exchange *bloc* opposed to the attempts of countries without free exchange currencies to build up *blocs* of their own.

British monetary and financial policy is closely paralleled by British commercial policy. Just as the abandonment of the gold standard encouraged the growth of currency *blocs*, so the adoption of protection, coupled with imperial preference, involved Britain in a policy of preferential trade agreements with individual countries coming within her orbit. The first countries outside the Empire to which this new system of agreements was applied were those of Northern Europe. These countries, whose main exports to Britain were foodstuffs and timber, were among those most hard hit by the Ottawa policy. On the other hand, British exports to them, of which coal was the most considerable, had fallen off heavily in recent years. There was therefore a sound basis for a bargain. An agreement with Denmark was



concluded in April 1933, and was followed by agreements with Norway, Sweden, Finland and the three smaller Baltic states. The principle of these agreements was the same. The countries concerned obtained fixed allocations in the British foodstuffs quotas, and in return undertook to purchase a substantial proportion of their coal imports in the British market, the proportion varying from 47 per cent for Sweden to 85 per cent for Estonia. A somewhat similar agreement was concluded with the Argentine, which secured a favourable place in the British meat quota, and in return gave preferential treatment to British goods through the operation of the exchange control. In theory, the formal principle of most-favoured-nation treatment was maintained in all these agreements. In practice, all of them provided by various devices for preferential treatment on both sides.

The growth of trade restrictions everywhere, and the abandonment of generalized most-favoured-nation treatment in favour of special bilateral agreements, had an important consequence. It meant that every country would henceforth seek to strike an even balance of

trade with its partner in a bilateral agreement. Trade would thus tend to become restricted to direct exchange between two countries, sales from A to B being balanced by sales from B to A, instead of being, as in the days of relatively free trade, a general flow of goods, in which A might sell to B, B to C, and C and D and the balance would only be struck when D sold to A, perhaps directly or perhaps through E, F and G. "Buy from your best customer" was now the popular slogan. This process was a natural and inevitable consequence of the whole trend of economic development since the War. But British merchants and British financiers had prior to 1914 played so large and profitable a part in the management of a complicated but efficient system of world-wide exchanges of goods that the new canalization of trade, however advantageous in particular cases, reacted very adversely on the wider interests of Britain as a world economic Power.

One of the purposes of the British trade agreements with the countries of Northern Europe was to increase British exports to these countries, all of which sold to Britain far more

than they took from her. This series of agreements was followed by another of a different character, in which the striking of a more even balance of trade was the avowed and principal motive. The first of these was an agreement with Soviet Russia in 1934. At that time, Soviet imports from Britain stood to British imports from Soviet Russia in a relation of 1 to 1.7. The agreement provided that this proportion should be reduced, in the course of the next five years, to one of 1 to 1.1. An agreement of this kind with Soviet Russia was made possible by the existence of a state monopoly of foreign trade. Elsewhere the same result was achieved by what came to be known as "payments agreements," whose effective working depended on the control of currency and foreign exchange transactions by the Governments of the countries concerned. Between 1934 and 1936 Britain concluded payments agreements with Germany, Hungary, Uruguay and Brazil. A similar purpose was served by the "clearing agreements" concluded with Italy, Turkey, Roumania and Spain. Under these agreements payment for purchases from these countries by British traders was made to a

special fund in sterling, of which a fixed percentage was compulsorily allocated to the purchase of British goods. A further percentage was allocated to the payment of debts, public and private, owed by the country concerned to British creditors; indeed, in some cases the liquidation of past debts had been the original motive of the agreement. This clumsy system can be defended only as a necessary evil. It does not make trade easy, but without it trade would scarcely be possible at all. Practically the whole of the foreign trade of Central, Eastern and Southern Europe is now conducted under payments or clearing agreements of various kinds.

It would be an exaggeration to say that the substitution of a policy of preferential agreements for a policy of generalized most-favoured-nation treatment implies the substitution of economic warfare for economic co-operation. But friction is necessarily more frequent and more serious under the new system. Many countries suffered from and resented the quota system for agricultural products established by Britain, and the increased preferences obtained under the Ottawa Agreements for British manu-

facturers in Dominions markets. Some of the aggrieved retaliated by establishing quotas for industrial products. One of these was France; and a regular Anglo-French trade war, soon happily terminated by an agreement, raged for a few weeks in the summer of 1934. British statesmen at this time, while approving British agricultural quotas, habitually condemned industrial quotas as undesirable restraints on trade—a distinction which others may have found it hard to follow. But when in the same year cheap Japanese textiles were found to be flooding British colonial markets, quotas were established for the specific purpose of reducing the influx to the pre-1931 level. A further step was thus taken towards the creation of a closed imperial economy, and fresh point given to the grievances of the “have-not” Powers.

Partly, therefore, as a result of the deliberate policy enshrined in the Ottawa Agreements, and partly as the result of a scarcely perceptible process dictated by the needs of defending her markets, Britain has given extensive hostages to the system of controlled international trade. But she has committed herself far less deeply than the dictatorship countries to the new

system, and for two good reasons. In the first place, a complete system of controlled international trade requires a far more complete control of domestic trade and industry than the British Government exercises or, in all probability, than would be compatible with democracy. Secondly, British economic power was built up on a tradition of free markets. It has declined with the contraction of those markets; and it is widely felt that only a return to them can fully restore British prosperity. British long-term policy is thus subject to a constant pull in the direction of freer trade, however little this may be reflected in the day-to-day expedients of bargaining with other countries.

It is possible that this pull might have altogether lost its effect but for powerful support received from the United States. In the era of British supremacy, the United States had been a high tariff country and had not even accepted the most-favoured-nation principle in an absolute form. Down to 1930, the American tariff moved steadily upwards. But the economic crisis brought a speedy realization that the situation had changed profoundly since 1914. Like nineteenth-century Britain,

the United States were now a creditor country; their most powerful industries had comparatively little to fear from foreign competition at home, and much to gain from freer markets abroad. Since 1933, American economic policy has been reversed; and the United States have become the principal champions of the most-favoured-nation principle and of tariff reductions, which they have striven to achieve by a series of bilateral agreements.

By far the most important of these agreements was the one concluded between the United States and Britain in November, 1938. It provided for a number of tariff reductions by each country in respect of articles of which the other is the principal supplier; and it involved on the British side a modification of some of the preferential tariffs accorded to the Dominions by the Ottawa Agreements. Though the most-favoured-nation principle was in theory observed, the reductions were so contrived as to bring little advantage to other countries. Indeed, there is a clause which permits either country to withdraw a concession if it is found that the major benefit accrues to a third party. The agreement was



unlikely of itself to reverse the world-wide trend towards increased restrictions on trade. But its importance was emphasized by the fact that Britain and the United States between them account for some 30 per cent (or, if the British Empire and Commonwealth are included for 40 per cent) of all international trade. It was, moreover, a considerable landmark in British economic policy. Just as the tripartite monetary agreement was a broadening out of the narrower policy of the sterling *bloc*, so the Anglo-American trade agreement gave a wider scope to the policy of the preferential economic group initiated by the Ottawa Agreements. The trade agreement did not herald a return to free markets any more than the monetary agreement meant a return to uncontrolled exchanges. But it extended the area of relatively unrestricted trade and made it easier for Britain to resist the pull in the direction of artificially directed foreign trade and closed economic groups.

#### 4. *The Latest Phase*

Unfortunately the conclusion of the Anglo-American trade agreement coincided with a

period of acute political crisis in Europe, when economic policies were being more and more dictated by military considerations. Instead of following up the policy embodied in the agreement, Britain found herself faced with the task of forging new economic weapons to meet the German economic offensive in Eastern Europe. The first noteworthy step in this direction had already been taken in July 1938, when the British Government was authorized by Parliament to grant a credit of £6,000,000 to Turkey for the purchase of armaments in Britain—a measure described by Mr. Dalton as “a new line of departure . . . an act of foreign policy and . . . an act of financial and economic policy.” The situation resulting from the Munich Agreement caused a further development of such politico-economic agreements. On 30th November, 1938, the Parliamentary Secretary to the Department of Overseas Trade, indulging in a military metaphor, declared that, in view of Germany’s efforts to secure a monopoly of foreign trade in Central Europe and the Balkans, Britain would be “compelled to fight her with her own weapons.” The first evidence of a new policy was the passing of legislation

early in 1939 to extend the functions of the Exports Credit Guarantee Department. Hitherto, the operations of the Department had been conducted on a purely commercial basis. Now it was empowered to extend its guarantee, up to an amount of £10,000,000 at any one time, to transactions which were "expedient in the national interest," thus facilitating loans of a political character. Nor was any attempt made to disguise the motive of this measure. The President of the Board of Trade described it as a measure of "economic rearmament," and added that "the economic rearmament which we are trying now to undertake is exactly like our other rearmament." After the annexation of Bohemia and Moravia by Germany in March 1939, this general policy was supplemented by a policy of special economic agreements with countries to which Britain had given political guarantees. In May 1939, an agreement was concluded with Roumania, under which the British Government undertook the purchase of 200,000 tons of Roumanian wheat (an interesting example of the bargaining power given by the building up of war reserves) and to guarantee credits up to £5,000,000 for

the purchase of British goods by Roumania. In July 1939, the maximum limit for guaranteed loans of a political character was raised from £10,000,000 to £60,000,000; and it was understood that this measure was designed to provide credits for the purchase of armaments by Greece, Roumania, Poland and perhaps other countries.

Even before the outbreak of War, therefore, Britain found herself in a position where her economic policy was largely dictated by political considerations; for she could not afford to neglect those economic weapons which were necessary for her military security or allow the methods of controlled and canalized trade in Europe to be used exclusively by others and to her own disadvantage. On the other hand, Britain cannot in the long run abandon her hopes of a revival of the free flow of world trade on which British prosperity in the past has been built and without which British prosperity cannot be fully restored in the future. The inconsistencies and contradictions which have so often marked the course of British economic policy during the past twenty years seem inherent in the situation so long as the

period of recurrent crisis and war continues. Nothing but a new political and economic order throughout the world would altogether remove this dilemma of British economic policy.

## CHAPTER IV

### BRITAIN AND THE LEAGUE OF NATIONS

THE League of Nations was the product of two different strands of thought and feeling, one new and one familiar. The first was the universal revulsion against war engendered by the conflict of 1914-18. Never before had a war drawn into its orbit so many countries or so large a proportion of the peoples of those countries. It was not only the first world war, but the first peoples' war; and it gave birth to an overwhelming popular demand that the nations should for the future find some way of living together and settling their differences decently and peacefully. First and foremost, the League of Nations was the answer to this demand.

But the second strand was no less important. After every large-scale war, the victors naturally seek some kind of alliance or organization which will help them to protect and consolidate

their gains. Such had been the origin of Sully's *Grand Dessin*, of the Abbé St. Pierre's *Projet de Paix Perpetuelle*, of the Holy Alliance. Such was the second, and extremely powerful, impulse which induced the victors of Versailles to create the League of Nations. Woodrow Wilson himself, in his Guildhall speech on 28th December, 1918, described it by anticipation as "a permanent concert of power" to maintain the "items" of the peace settlement.

From the outset, the League of Nations attempted to fulfil these two different functions. Nor for a long time was any discrepancy between them apparent. Satisfied nations, like satisfied individuals and satisfied classes, generally assume that to maintain the *status quo* is the best way to maintain peace; and the Covenant was drafted and interpreted by satisfied nations. One article of the Covenant did, indeed, reluctantly admit that a change might sometimes be desirable if everyone desired it. But this was the gesture of an uneasy conscience rather than a radical protest; and it remained, as some intended it to remain, a dead letter. The League of Nations was ultimately wrecked by the fundamental discrepancy between its two



functions. Pure conservatism will not work. In international politics, as in domestic politics, you cannot indefinitely both keep the *status quo* and keep the peace.

This confusion was inherent in British opinion about the League. Sometimes it was thought of as a forum for settling international disputes by process of give-and-take, sometimes as a bulwark of the British Empire—a cheaper and more effective substitute for the two-Power standard. But this confusion was less dangerous than the widespread failure to recognize that membership of the League involved onerous obligations. In the United States, recognition of the character of these obligations caused the Senate to reject the Covenant. In Britain, public opinion did not consider them at all. The League was an organization for peace; and it seemed paradoxical to argue that its Covenant imposed on Britain military commitments more far-reaching than any she had hitherto undertaken. The ordinary Englishman does not read legal documents. He relies on his lawyer. The vast mass of those who sympathized with the ideals of the League of Nations did not read the Covenant, or failed

to grasp its implications. They relied on their leaders; and their leaders did not enlighten them.

It is revealing to re-read, twenty years after, the debate in the House of Commons on 21st July, 1919, when the Versailles Treaty, and League Covenant which formed part of it, were approved by the representatives of the people. Lord Cecil was the principal expositor of the Covenant:

For the most part [he said] there is no attempt to rely on anything like a super-state; no attempt to rely upon force to carry out a decision of the Council or the Assembly of the League. . . . The great weapon we rely on is public opinion, and if we are wrong about it then the whole thing is wrong.

If one of the drafters of the Covenant was content with this discreet paraphrase of the plain terms of Articles 10 and 16, no ordinary member was likely to insist on a more literal interpretation of them. These articles were, in fact, not discussed. The Labour Party spokesman, Mr. Clynes, welcomed the League as "the international machinery which in the years ahead of us will be able to deal with the

blemishes of the Treaty." Some members were less interested in the League than in the question whether the ex-Kaiser would be tried in London or elsewhere. The House voted its approval without any hint being given from any quarter of the nature of the obligations incurred under the Covenant, or even of the fact that any obligations were incurred at all.

The refusal of the United States to assume membership of the League must have caused serious misgivings to students of the Covenant. Under Article 16, members of the League were pledged not only themselves to sever all relations with a Covenant-breaking state, but prevent relations between such a state and "any other state whether a member of the League or not." To carry out this provision without the approval and co-operation of the United States was clearly impossible; and the British Government, on whom the main responsibility for a blockade imposed under Article 16 would fall, could not fail to be aware of this fact. The First Assembly of the League hastened to appoint a committee to study "the economic weapon of the League." As the

result of this study, the Second Assembly proposed a series of amendments to the Covenant, the main purpose of which was to make sanctions operative only on a specific decision of the Council. The Assembly also passed a set of somewhat confused resolutions on similar lines designed to guide the conduct of members of the League until such time as the amendments to the Covenant could be ratified. Unfortunately, the amendments never secured enough ratifications to bring them into force; and the legal value of the resolutions was dubious. Still more unfortunately, both Britain and the other members of the League preserved on this subject a discreet silence whose motive it is difficult to appreciate. Throughout these proceedings, no public allusion was made to the embarrassments attendant on the application of Article 16 of the Covenant in the absence of the United States.<sup>1</sup> Not until 1925 did the British Government, in announcing its rejection of the Geneva Protocol, refer incidentally to the necessity of "taking stock of the

<sup>1</sup> Many years later, Mr. Eden, speaking of the origin of the resolutions of the Second Assembly, remarked that "it was realized that the literal fulfilment of Art. 16 was not practicable when the United States of America was not a member" (House of Commons, May 6, 1936). No such statement was, however, made at the time.

degree to which the machinery of the Covenant has already been weakened by the non-membership of certain great states." There is little sign that British opinion was at all pre-occupied at this time by the extent of the obligations incurred under Article 16.

Meanwhile British policy began to concentrate on another aspect of the problem: disarmament. In the Covenant, members of the League had agreed to reduce their armaments "to the lowest point consistent with national safety." The ascertainment of this lowest point was, no doubt, left to the appreciation of individual governments. But an awkward example had been set by another part of the Versailles Treaty, which imposed disarmament on Germany as the first instalment of a plan for "a general limitation of the armaments of all nations." Moreover, a measure of naval disarmament had been achieved at the Washington Conference. Britain's peace-time army was limited to the needs of policing her possessions; and she could therefore press with a good conscience for disarmament of the leading military Powers, notably France and her Continental allies. Thus began a prolonged

and dreary duel between Britain and France, in which Germany was soon to take a hand, and which finally petered out in the sands of the Disarmament Conference. In Britain, where the pacific functions of the League were most held in honour, there was widespread enthusiasm for disarmament, though successive British Governments argued that Britain herself had already disarmed to the limit prescribed by the Covenant. In France, where the League was prized mainly as a bulwark of the *status quo*, there was little inclination to abandon the preponderance of armaments which was required to make that function effective. The deadlock, based on the discrepancy between the two aims of the League, was never resolved. Disarmament is one of the most unprofitable chapters in the story of post-War British diplomacy.

The reply of France to every British proposal for disarmament was a counter-claim for increased security. From 1922 onwards, France began to seek this additional security in special agreements designed to strengthen and make more precise the coercive articles of the Covenant. This was the purpose of the Draft Treaty

of Mutual Assistance of 1923 and the more famous Geneva Protocol of 1924. The former was rejected by the British Labour Government. The latter, originally supported by the Labour Government, was rejected by the ensuing Conservative Government. Britain, while still professing fidelity to the Covenant, steadfastly refused to shoulder any fresh obligation; and some of the arguments directed against the new proposals might have been used with almost equal force against the Covenant. The provisions of the Geneva Protocol, said Austen Chamberlain in his statement to the League Council, "suggest the idea that the vital business of the League is not so much to promote friendly co-operation and reasoned harmony in the management of international affairs, as to preserve peace by organizing war, and (it may be) war on the largest scale." But was not this "suggestion" already implicit in Article 16 of the Covenant?

The impression of British lukewarmness about the coercive provisions of the Covenant was confirmed by the Locarno Treaty. Here Britain, following her traditional line of policy, guaranteed the frontier which separated France



and Belgium from Germany, but refused to guarantee the frontiers separating Germany from Czechoslovakia and Poland. It was true that the undertaking in the Locarno Treaty "to come immediately to the assistance" of the victim of an unprovoked attack was more specific and more unqualified than the obligation involved in Article 16 of the Covenant, so that the British Government could logically argue that it was accepting in one case, and refusing to accept in others, obligations additional to those which the Covenant imposed on it. But the difference was more theoretical than real. If a strong Power attacked a country weaker than itself, there was little prospect of effectively fulfilling the function of Article 16 unless Britain, as well as the other great League Powers, was prepared to take military action; and it mattered little in practice whether such action was called "coming immediately to the assistance" of the victim or "protecting the Covenants of the League." The moral of the Locarno Treaty was that Britain was ready to use military force in order to maintain a frontier which she regarded as vital to her own defence, but not in order to

maintain other frontiers. Such discrimination was fatal to the principle of the League that a threat to one was a threat to all. Curiously enough, this point was not taken up in Parliament by Opposition spokesmen, who criticized the Locarno Treaty only on the obscure ground that it was directed against Soviet Russia.

The difficulty of reconciling British policy, as represented by the Locarno Treaty, with professed British fidelity to the Covenant as a whole was scarcely felt for the simple reason that British opinion still refused to believe that the coercive provisions of the Covenant would ever be applied. The "great weapon," as Lord Cecil had said in 1919, was public opinion. Moral suasion, organized under Article 11 of the Covenant, had—it was declared—stopped the Greeks and Bulgarians from fighting one another in 1925. Why should it not suffice to stop any other war? The difference between Great and small Powers was not considered; or perhaps it was inconceivable that a Great Power should defy the League. If the worst came to the worst, an offender could be restrained by economic sanctions. In the popular conception of the League, military

sanctions remained in the background as an almost unthinkable contingency.

Such was the trend of British policy and British opinion when Japan confronted the League of Nations with its first real test by her campaign in Manchuria. The moment was well chosen. The world was in the throes of an economic crisis. Britain was engaged in a financial, economic and political revolution. The National Government was too pre-occupied at home to think much about the Far East; and after the general election of October 1931, the Opposition in Parliament became an almost negligible factor. A few voices were heard demanding economic sanctions against Japan. But the fallacy of economic sanctions was now for the first time dimly perceived. Perhaps Japan would not submit to the slow strangulation of a boycott. Perhaps she would retaliate on British interests in China or seize Hong Kong. Economic sanctions might bring in their train the unthinkable military sanctions. Nobody seriously thought of military action against Japan. The Disarmament Conference was just beginning; and British supporters of the League were loudly advocating

reductions in British and other armaments. It was not until many months later that Lord Baldwin, in his apparently casual manner, pointed the moral of the episode:

“One of the many conclusions to which I have been driven is that there is no such thing as a sanction which will work and which does not mean war, or, in other words, if you are going to adopt a sanction, you must be prepared for war. If you adopt a sanction without being ready for war, you are not an honest trustee of the nation.”

Shortly afterwards, in November 1934, Lord Baldwin drew a still more drastic conclusion:

“A collective peace system, in my view, is perfectly impracticable in view of the fact to-day that the United States is not yet, to our unbounded regret, a member of the League of Nations, and that in the last two or three years two Great Powers, Germany and Japan have both retired from it. . . . A collective peace system would never be undertaken without those countries.”

The primary difficulty was no longer the uncertainty of American co-operation. Supporters of the League had always imagined a breach of the Covenant by a single country

which would be confronted with the virtually unanimous disapproval of the rest of the world. This had, in fact, been the position of Japan in 1931. But the withdrawal of Japan and Germany from the League in 1933 created a new situation. The danger which now appeared on the horizon was a breach of the Covenant by a strong country encouraged and abetted by one or more other strong countries.

Had these lessons been fully understood or taken to heart, a humiliating and discreditable episode in British policy, for which the British Government and the British public must equally share the blame, might have been avoided. This episode had a remarkable prelude. In the winter of 1934-5 a committee, formed under the auspices of the League of Nations Union, issued far and wide a questionnaire (which came to be known as the "Peace Ballot") on various issues relating to the League and disarmament. The last question asked was whether, in the event of one state attacking another, the other nations should combine to apply (*a*) economic and non-military, and (*b*) military measures against it. The fallacy of the separability of economic

from military sanctions thus appeared in the questionnaire; and of the ten million voters who declared in favour of economic sanctions, only six and three-quarter millions supported military sanctions. But these figures, which were announced in June 1935, were none the less impressive; and the impression made by them helps to account for the abandonment by Lord Baldwin's own Government of Lord Baldwin's cautious maxims. In considering the events which followed it is important to remember one date. It was not until March 1935 that the British Government, under the impulse of the failure of the Disarmament Conference and of German rearmament, embarked on a substantial rearmament programme.

In the spring and summer of 1935 it became evident that Italy was preparing to invade Abyssinia. The invasion began on 3rd October. It was preceded by the ordinary session of the League Assembly; and at this session, the British Foreign Secretary, Sir Samuel Hoare, made a strikingly emphatic declaration:

"The League stands, and my country stands with it, for the collective maintenance of the

Covenant in its entirety, and in particular for steady and collective resistance to all acts of unprovoked aggression."

Britain took the lead in organizing economic sanctions (though not of a particularly drastic character) against Italy. When a general election was held in November, the Government announced in its election manifesto that the League would "remain as heretofore the keystone of British foreign policy," and that it would do all in its power "to uphold the Covenant." It was true that the manifesto added that the Government would "take no action in isolation," thereby repeating the proviso emphasized by Sir Samuel Hoare's two-fold use of the word "collective" in his Geneva formula. It was also true that France was known to be lukewarm in the application of sanctions. But little account was taken of this point; and it was widely felt that the Government was committed to more whole-hearted support of the League than ever before. In the enthusiasm created by the imposition of mild economic sanctions, the issue of military sanctions was comfortably shelved.

Within a month of the election occurred the



incident of the "Hoare-Laval Plan." Sir Samuel Hoare and the French Prime Minister met in Paris and drafted, for submission to the two combatants, a plan of settlement which involved large concessions to Italy by Abyssinia, including the transfer of territories not hitherto occupied by the Italian armies in the field. The plan has been defended in retrospect as more favourable to Abyssinia than what ultimately befell. Had it been commended to the British public at the time as the best bargain which Britain could hope to obtain for Abyssinia short of herself going to war with Italy, it might have secured reluctant approval. But there is no doubt that this was not the motive in the minds of those responsible for the plan. The military experts of most countries still predicted a prolonged campaign with problematical prospects for Italy. In so far as the framers of the plan had any motive other than that of suggesting terms which might conceivably be accepted by Italy, it was the desire to extricate Italy from a discreditable entanglement and bring her back into a common front against Germany. But British public opinion did not believe in an Italian victory,

and did not see why Italy should be offered booty which she could not acquire by force of arms. There was a strong revulsion of feeling against the plan. Sir Samuel Hoare was compelled to resign. He was succeeded by Mr. Eden, reputed to be a stalwart champion of the League. "Our policy," said Mr. Eden in the House of Commons, "is the Covenant and our membership of the League."

The logical result of these proceedings would have been an intensification of sanctions. If the League Covenant was to be upheld, it was essential that Italy should not conquer Abyssinia. But here the Achilles' heel of economic sanctions once more appeared. Signor Mussolini had let it be known that he would treat any additional sanction (an embargo on oil supplies had been under discussion at Geneva) as an act of war. Some suspected that this threat was bluff. But the League Powers could not proceed further without at any rate the risk of war. This risk neither Britain nor France was prepared to take. The British Admiralty was said to have advised against it; and public opinion, having repudiated the Hoare-Laval Plan, gave no positive lead. The

issue was brought to a head when Abyssinian resistance unexpectedly collapsed. In May 1936, Italian troops entered Addis Ababa and the annexation of Abyssinia was proclaimed.

The choice for Britain was now clear enough. "If the League," said Mr. Eden, "means to enforce in Abyssinia a peace which the League can rightly approve, then the League must take action of a kind which must inevitably lead to war in the Mediterranean." It was comforting, but confusing, to discuss the matter in terms of action by the League. The responsibility rested in fact on the naval Power which would bear the brunt of war against Italy. Britain was not prepared to take action which would, or might, lead to war. "If that fire is ever lighted again on the Continent," said Lord Baldwin, "no man can tell where the heather will stop burning, and it is not a risk that I, for one, am going to take for my country so long as I have any control in the Government." Or, as Sir John Simon more ruthlessly put it in the House of Commons a few days later: "I am not prepared to see a single ship sunk even in a successful naval battle in the cause of Abyssinian indepen-

dence." Britain proposed, and the other members of the League accepted, the withdrawal of the sanctions which had failed to achieve their purpose. British opinion as a whole bowed to the unwelcome situation, and showed no sign of repudiating the Government's refusal to take the only measures which could have altered it.

The collapse of resistance to Italy's conquest of Abyssinia reinforced the old lesson imperfectly learnt during the Manchurian crisis—the inseparability of economic from military sanctions; and it brought home the new lesson taught by the withdrawal of Japan and Germany from the League—the danger of the formation of a group of states whose sympathy could be counted on by any country falling foul of the League. Henceforth sanctions meant not merely the risk of war, but the risk of a world war between evenly matched groups of Great Powers. The conclusions drawn by the British Government found their most authoritative expression in a speech by Mr. Eden to his constituents at Leamington in November 1936. British armaments, he said, would "never be used for a purpose inconsistent with

the Covenant of the League," this negative formula henceforth replacing positive declarations of loyalty to the Covenant. They would be used to defend British territory, or the territory of Britain's Allies, Iraq and Egypt, or to give assistance to Western European Powers if these were attacked by Germany. Mr. Eden continued :

"In addition, our armaments may be used in bringing help to a victim of aggression in any case where, in our judgment it would be proper under the provisions of the Covenant to do so. I use the word 'may' deliberately, since in such an instance there is no automatic obligation to take military action. It is, moreover, right that this should be so, for nations cannot be expected to incur automatic military obligations save for areas where their vital interests are concerned."

The issue of economic sanctions was burked; and those who had digested the lessons of Manchuria and Abyssinia were left to assume that these, too, were regarded by the British Government as optional. The last sentence was, however, the most important. It was the first clear enunciation of a principle which had been implicit in British policy since the days

of Locarno. To go to war was too serious a step to take except where "the vital interests" of Britain, carefully defined, were at stake. It was a common-sense position, and there was little doubt that it was shared by the mass of British public opinion. But it was none the less subversive of the coercive provisions of the Covenant.

A certain studied vagueness continued to dog British policy in regard to the League. The Prime Minister, on one occasion, having expressed doubt whether the League could be made effective "so long as its members are nominally bound to impose sanctions or to use force in support of obligations," went on in the next sentence to deprecate any change in any article of the Covenant. The same vagueness was reflected in the work of the League Committee which, for two fruitless years, considered the future of the Covenant. But the situation grew more and more unreal. It was not till September 1938, when the issue of peace or war was being determined elsewhere without reference to the League or its Covenant, that the British delegate to the Assembly gave, for the first time in the twenty years of League

history, an unequivocal definition of the British attitude towards Article 16. This Article was no longer to be considered as imposing an absolute and automatic obligation to act. "Each case must be considered on its merits." The only obligation falling on members of the League in the event of war was not to regard it as a matter of indifference but to consult with other members "whether, and if so how far, it is possible in any given case to apply the measures contemplated in Article 16." The League thus becomes an organ for consultation, and in the event of a breach of the Covenant each member remains free to apply coercive measures, alone or in conjunction with others, at his discretion. In fact, no British Government had ever acted, or could have acted, on any other principle. It is difficult to avoid the reflection that clear recognition and frank admission of this situation at an earlier period might have saved the League as an effective organ of international consultation.

If we look back over the confused and discouraging story of British policy in regard to the League of Nations, we shall find the root



of the confusion in the dual function of the League itself: to keep the peace by discussion and give-and-take, and to maintain the *status quo* against anyone who might assail it by force. The British people accepted on the whole the first view of the League's function. They were told, and they believed, that public opinion was the all-important weapon of the League, and that persuasion and compromise were the surest way to peace. British support of the League was strongly tinged with pacifism. Right down to 1933, lurid descriptions of the horrors of war formed a regular part of British propaganda for the League; and people educated in this tradition could not easily reconcile themselves to the conception of the League as an institution for the organization of war. British policy never adapted itself to this conception. The British Government of 1935 committed itself half-heartedly to economic sanctions because it did not fully realize, or lacked the courage to explain to the electorate, whither economic sanctions led. When this became clear, it retreated from a dangerous situation; and of the six and three-quarter million voters in the Peace Ballot who on

paper supported "military measures" against a hypothetical aggressor, not more than a fraction wanted, in the concrete case, war against Italy. Once more, it was Lord Baldwin who expressed most tellingly the scruples and hesitations of the Englishman in the street:

"I feel convinced that among the common people of Europe in many countries and in our own and in France there is such a loathing of war as such, not from fear but from a knowledge of what it may mean, that I sometimes wonder if they would march on any other occasion than if they believed their own frontiers were in danger. I do not know the answer to that question, but I often ask myself the question, and I wonder—and when you begin wondering on these points your wonderings may travel a long way. . . . Those are the great problems to me. They are the most difficult problems of human nature and human instinct, and on the answer to those questions much may depend."

The coercive provisions of the Covenant will work only if human beings are as ready to risk their lives in the defence of any other country as they are in defence of their own. This condition is not at present realized. Most Englishmen will risk their lives in defence of

Britain and of other countries whose defence is felt to be closely bound up with it. But few of them will risk their lives in defence of any country in the world merely because it happens to be attacked. This fact may be regretted. But a policy which fails to take account of it as a fact is unreal, and will break down in times of stress.

The League of Nations is now in eclipse. In the events leading up to the outbreak of War in September 1939, the machinery of the League was not brought into operation, or even seriously thought of. Not a country in the world has allowed its attitude to be influenced in the minutest degree by its membership of the League or by its obligations under the Covenant. The League had proved its worth as a valuable focus of international activities of a social, technical and humanitarian character and as a clearing-house for some minor international disputes. Its revival in some form at the end of the present War seems not improbable. But care will have to be taken not to repeat the mistakes which were committed in 1919 and which led to so rapid and complete a collapse of the great hopes built upon it.

## CHAPTER V

### BRITAIN AND EUROPE

THE fact that Britain is a European Power by compulsion, that her European interests have been thrust on her not by choice, but by geographical accident, determines the nature of her European policy. Her concern in the countries flanking the Mediterranean route is dictated by the importance of that route for communications with the Middle and Far East. Elsewhere in Europe her interest is defensive. She has no specific objectives. Her policy, being negative rather than positive, is rarely susceptible of precise definition. Where she seeks power on the Continent, it is not to use it for herself, but to prevent someone else using it. She opposes any European nation powerful and ambitious enough to establish effective dominion over the whole Continent for the simple reason that any such nation would in the end menace her own independence. Her

strongest asset in Europe is that, having no ambitions of her own, she can seem disinterested. She is the champion of smaller nations whose rights are threatened by a would-be dominant Power. She represents the general interest and seeks solutions satisfactory, not to herself in particular, but to all concerned. This attitude may amuse cynics, and infuriate rivals. It would not be wholly true as a description of British policy elsewhere. But in the main it correctly describes British policy in Europe.

### I. *Western Europe*

For five hundred years, it has always been a cardinal aim of British policy to prevent the Low Countries falling into the hands of a strong Power which might use them as a base for an attack on our shores.<sup>1</sup> The Power has sometimes been Spain, more often France. Since the first decade of this century, a friendly France has helped us to uphold the independence of the Low Countries against Germany; and this has strengthened Britain's position in that she no longer has a potentially hostile Great Power anywhere on the Atlantic sea-

<sup>1</sup> The classical exposition of this policy will be found in Headlam-Morley, *Studies in Diplomatic History*, pp. 156-70.

board of Europe. On the other hand, air power, while it has not changed the essentials of the problem, has increased its gravity, and enhanced British anxiety to hold back a dominant Power as far as possible from the coast. When Lord Baldwin in 1934 spoke of "our frontier on the Rhine," he may have merely been using a picturesque phrase, or he may have been deliberately staking out a claim of rather wider scope than British statesmen of the past had been in the habit of making.

From 1815 to 1914 British interest in the defence of Western Europe centred on Belgium whose neutrality was guaranteed by the Treaty of 1839. After 1918 the security of France became the burning issue. The provisions of the Versailles Treaty for the temporary occupation and permanent demilitarization of Germany west of the Rhine were supplemented by an Anglo-American guarantee to defend France against any "unprovoked movement of aggression" by Germany. When the United States declined to ratify this engagement it lapsed; and Britain, to the chagrin and indignation of France, refused to undertake it single-handed. In retrospect, this

refusal was a mistake. But it accorded with the consistent principle of British policy to assume no commitment in Europe except for the purpose of resistance to the attempted domination of Europe by a single Power. In 1919-20 the re-emergence of Germany as a dominant Power seemed a remote—even an improbable—contingency.

The Locarno Treaty of 1925 was concluded at a moment when Germany was once more on the way to becoming a Great Power, but was still weak enough (particularly after the Ruhr occupation) to fear attack by France. The guarantee given by Britain under this treaty to France and Belgium on one side, and to Germany on the other, was an ingenious device to allay these mutual fears; and from the standpoint of Britain it had the merit of upholding a frontier vital to her own security. Unfortunately, the Locarno Treaty also guaranteed a state of affairs which could not be maintained indefinitely once Germany became strong—the demilitarization of the German Rhineland. When, at the moment of the re-occupation of the Rhineland in March 1936, Germany denounced the Locarno Treaty, Britain at once



announced that her guarantees to France and Belgium were still valid; and these guarantees were now supplemented by conversations between the British and French General Staffs.<sup>1</sup> Mr. Eden repeated the guarantee in his speech at Leamington on 20th November, 1936. In reply, the French Foreign Minister gave a similar undertaking to come to the assistance of Britain, the unilateral Locarno guarantee thus becoming for the first time reciprocal. The guarantee to Belgium was repeated once more in an Anglo-French declaration of 24th April, 1937. But Belgium herself was released from any reciprocal obligation.

The traditional British policy of upholding the independence of Western European territories vital to British security has thus been maintained and intensified during the past few years. In all these declarations the formula of assistance against "unprovoked aggression" has been preserved. But neither "aggression" nor "provocation" are definable terms; and it

<sup>1</sup> It is worth noting that such conversations were scarcely possible so long as the Locarno guarantee was given to both sides. The French authorities could not be expected to discuss strategic plans for use against Germany with British authorities who were also discussing with Germany German strategic plans for use against France, and *vice versa*.

was clear that Britain would be obliged to support France and Belgium in any war in which they found themselves opposed to Germany. On 11th September, 1938, the British Government issued a pronouncement that they would come to the assistance of France if she became involved in war with Germany as the result of a German invasion of Czechoslovakia. On the other hand, the same occasion made it clear that France would not, of her own volition, take a course involving her in war with Germany without prior consultation with Britain. The mutual Anglo-French guarantees against unprovoked aggression had in fact developed into an understanding for consultation and, if necessary, common action in any case in which British or French security in Europe seemed to be vitally affected. "Our relations with France," said the Prime Minister in December 1938, "are so close as to pass beyond mere legal obligations, since they are founded on identity of interest."

It should be observed that Herr Hitler has, since his accession to power, consistently disclaimed any desire to intervene in Western Europe. He has accepted the present frontier

as permanent. He has given to Belgium guarantees similar in substance to those of the Anglo-French declaration. He repeatedly declared that there was no issue between Britain and Germany arising out of Western Europe. What Britain feared was that, if Germany became supreme everywhere in Europe east of her western frontier, that frontier would in fact become indefensible by France and Belgium, even with British support. It was this fear which led her to give the guarantee to Poland and to take up arms in September 1939. In fighting for the liberties of Poland, Britain is also defending the "frontier on the Rhine."

## 2. *The Mediterranean*

Britain is interested in the Mediterranean both as a trade route and as a strategic asset. Since 1704 she has held Gibraltar, which commands the entrance to the Mediterranean. During the Napoleonic Wars, she acquired Malta which commands the way through it. Throughout the nineteenth century, she took a vivid interest in the control of the narrow Straits which lead into the Black Sea and

through which any Russian fleet must pass in order to enter the Mediterranean. When the opening of the Suez Canal made the Mediterranean the shortest route to India and the Pacific, Britain acquired Cyprus (not so much for any use of her own as to prevent some other Power from acquiring this strategic point) and occupied Egypt. In 1919, she still further reinforced her position in the Eastern Mediterranean by obtaining the mandate for Palestine.

British imports from the Mediterranean (including the Iraq oil which comes down through a pipe-line to Haifa) are considerable but not indispensable, so that the Mediterranean is commercially less important to Britain as a source than as a route. Nearly 15 per cent of British imports travel via the Suez Canal. Some of these (particularly those from Australia and New Zealand and from the Far East) could be diverted to the Panama or the Cape route without great sacrifice. But an addition of from 60 to 70 per cent to the distance between Britain and Indian ports would be a serious commercial and strategic handicap; and the distance from Iran (one of

Britain's largest suppliers of oil) would be nearly doubled if the voyage had to be made via the Cape. Britain has made substantial investments in Egypt and Greece and, more recently, in Palestine. Moreover, her strength in the Eastern Mediterranean and her relations with Turkey are an important factor in European politics; and the command of the Western Mediterranean is essential to Britain's ally, France. To lose control of the Mediterranean would therefore be a serious blow to British power.

Britain's hold on a narrow sea in which she possesses so little territory has always been somewhat precarious. In the 1890's the Franco-Russian alliance was widely believed to have made her position in the Mediterranean untenable; and a strengthening of the British Navy was hastily undertaken. This danger passed away. But the two new weapons developed during and since the war of 1914-18—the submarine and the aeroplane—have created new problems for a Mediterranean Power. During the last War, though the only hostile ports on the Mediterranean were those at the head of the Adriatic, nearly one-third

of all Allied and neutral losses from submarines occurred in the Mediterranean. To-day, even if the submarine menace has been in large measure overcome by protective devices, ports and bases—and even shipping at sea—in the Mediterranean area would be an easy target for air attack; and all these dangers would be immensely increased if Italy were hostile—a contingency with which Britain had seriously to reckon in the years after 1935.<sup>1</sup>

Since 1935 Italy, whose dependence on the Mediterranean for vital overseas imports is complete, has made a bold attempt to challenge British supremacy in that sea. This challenge has passed through three stages: the conquest of Abyssinia, the intervention in Spain, and the annexation of Albania.

The Abyssinian venture, which has already been discussed from the standpoint of Britain's League policy, did not make any outward change seriously detrimental to British interests. But it first threw into relief the weaknesses of Britain's Mediterranean position.

<sup>1</sup> Prior to 1935, war with Italy had scarcely entered into British calculations. The "Maffey Committee," which reported in 1935 on the probable effect on British interests of an Italian conquest of Abyssinia, does not appear to have thought it necessary to discuss the contingency of war between Britain and Italy.

Malta, within half an hour's flight of several Italian aerodromes, was no longer tenable as a naval base against a hostile Italy. During the Abyssinian crisis, the main British Mediterranean fleet moved out of Malta and established itself in Alexandria. Since that time, the British authorities have considered both Cyprus and Haifa as possible sites for a naval base. But neither of them would adequately replace Malta with its commanding position in the centre of the Mediterranean. On the other hand, the conquest of Abyssinia makes Italy in a sense more vulnerable; for her impressive African Empire would not long survive an outbreak of war with Britain.

The second Italian challenge was her intervention in the Spanish Civil War. Like Malta, Gibraltar is vulnerable to air attack, but on a serious scale only from Spain or Spanish Morocco. Hostile air bases in Spanish territory would constitute a major threat to British power in the Mediterranean. The support given by Italy and Germany to General Franco and the insurgents confronted Britain with a choice of two courses. The first was to stake everything on the victory of the Repub-



lican Government and to take any and every measure necessary to secure it, including the hazardous step of direct military intervention. The second course was to remain completely neutral between the two sides, calculating that, whatever the result, Italy and Germany would be compelled to withdraw their troops at the end of the war (as they had specifically pledged themselves to do), that Britain would then be able to establish friendly relations with the victor, and that her economic strength would place her in a favourable position to compete with any other foreign Power for the good will of whatever régime might establish itself. The British Government, supported by France, chose the second alternative. "There is no country in Europe," quoted Mr. Eden from the Duke of Wellington, "in the affairs of which foreigners can interfere with so little advantage as Spain." General Franco emerged victorious in March 1939. But it is not yet apparent what concrete advantages Italy and Germany have derived from the victory of the side on whose behalf they interfered.

The discussions between Britain and Italy, which proceeded intermittently in one form or

another throughout the Spanish Civil War, clearly revealed the nature of British preoccupations. In a so-called "Gentleman's Agreement," signed on 2nd January, 1937, the two countries "disclaim any desire to modify or, so far as they are concerned, to see modified the *status quo* as regards national sovereignty of territories in the Mediterranean area." The British representatives on the Non-Intervention Committee, which throughout the Civil War sat in London, strove constantly to limit the flow of foreign munitions and foreign troops (whether really or nominally "volunteers") to Spain. These efforts had little or no success. But specific undertakings were obtained by Britain from both Italy and Germany that troops and material would be withdrawn when the war was over. One of Mr. Neville Chamberlain's first acts on becoming Prime Minister in the summer of 1937 was to initiate a friendly exchange of letters with Signor Mussolini. His insistence on continuing to negotiate with Italy was the occasion of Mr. Eden's resignation in February 1938. On 16th April, 1938, a comprehensive agreement between Britain and Italy was signed in Rome.

The terms of the "Gentleman's Agreement" were re-affirmed. Italy declared that she neither had "territorial or political aims" nor sought any "privileged economic position" in Spanish territory. She agreed in principle to the gradual withdrawal of "volunteers" from Spain, and specifically renewed the pledge to evacuate all men and material on the termination of the war. Britain for her part agreed to recognize Italian sovereignty over Abyssinia; and there were subsidiary agreements about British and Italian interests in the Middle East, and against the use by either party of propaganda calculated "to injure the interests of the other." The agreement was not to come into force pending "a settlement of the Spanish question." This proviso was not defined, but was understood to imply some substantial progress in the evacuation of Italian troops from Spain. In the autumn, 10,000 men were in fact withdrawn; and though this did not radically affect the situation, the British Government agreed to bring the agreement into force in November 1938.

The policy of negotiation and agreement with Italy was, throughout this period bitterly

criticized by the British Opposition. It was easy to prove that Italian pledges had often been broken in the past. But this argument was not necessarily as decisive as it appeared to those who used it. The Prime Minister afterwards observed that the intervention of Signor Mussolini in the crisis of September 1938 could hardly have been obtained but for the Anglo-Italian Agreement of the previous spring. It seems still more certain that the patient and friendly attitude of Britain towards Italy in the past helped to secure Italian neutrality in the War which began in September 1939. Throughout the years from 1936 to 1939, the European situation as a whole, and not merely British interests in the Mediterranean or the Middle East, was the most important factor in the policy of the British Government towards Italy. Moreover, the Anglo-Italian Agreement of 1938 might be defended on other grounds. British policy did, in fact, secure its major objective: the evacuation of foreign troops from Spain on the termination of the war. The whole dangerous episode of the Spanish Civil War has, so far as can be seen, passed over without

in any way impairing British power in the Mediterranean. It may be wise to refrain from final judgment until these events can be studied from a more distant perspective.

The end of the Spanish Civil War was quickly followed by another Mediterranean crisis, provoked by Italy's seizure of Albania. But this was closely interwoven with other striking occurrences of the spring of 1939, and must be reserved for the next chapter.

### 3. *Soviet Russia*

Before reaching the capital question of British policy in Central Europe, it will be convenient to discuss British relations with Soviet Russia—a Power which long remained aloof from the main current of European politics. The Soviet régime on its establishment in November 1917 aroused keen hostility in Britain on several grounds:

(a) Its propaganda had helped to break the resistance of the Russian Army, and the first plank in its platform was desertion of the Allied cause and a separate peace with Germany.

(b) It stood for the confiscation of all

private property, and did in fact confiscate vast amounts of property, large and small, belonging to British subjects.

(c) It proclaimed that the Russian revolution was merely the first stage in a world revolution, which would destroy capitalism and private ownership everywhere, and which would, in particular, break up all empires and liberate colonial peoples.

When the War ended a year later, the first of these causes of resentment became obsolete, though indignation continued to be expressed against the Soviet leaders as "traitors" to the Allies. But the other two causes remained operative; and many people in Britain, and in some other countries, believed that the Soviet régime in Russia was a menace to civilization in general and to the British Empire in particular. The protagonist of this view was Mr. Winston Churchill. It was largely owing to Mr. Churchill's influence (he was then Secretary of State for War) that considerable assistance was furnished to "White" Russian forces engaged in civil war in Russia against the Soviet régime. But popular opposition to this assistance grew in Britain. It was finally

abandoned in 1920; and the military superiority of the Soviet Government soon resulted in a clear victory over its rivals. In 1921, a trade agreement was concluded between Britain and the new Soviet 'Russia'. But formal recognition did not take place until a Labour Government came into power in Britain in 1924.

The first Soviet leaders claimed to represent the interests, not of the Russian nation, but of the working classes of all countries. Indeed, being sincere Marxists, they regarded "national interests" as a pure illusion, or as nothing more than a convenient cloak for the interests of the capitalist class. The function of the Communist International (Comintern for short), founded in Moscow in 1919, was to work for the overthrow of capitalist governments everywhere. These claims, combined with confiscation of accumulated wealth and the nationalization without compensation of all industrial concerns, provoked different reactions in different classes of the British people; and this difference was intensified by the unhappy eagerness of Conservatives to continue the vendetta against the Soviet Government after the main



“national” reason for hostility had ceased with the War. Relations with Soviet Russia thus became a burning question of British party politics. All parties agreed in objecting to anti-British propaganda by Comintern in India and other parts of the British Empire, and in repudiating the official Soviet thesis that the Soviet Government was not responsible for Comintern’s activities. This was recognized as a common British national interest. But party feeling ran high. The persecutions and excesses of the Soviet régime were exaggerated by one side, and minimized and extenuated by the other. Broadly speaking, the Conservative Party sought to boycott the Soviet Government as far as possible in the hope of weakening and ultimately destroying it. The Labour Party wanted to establish and maintain friendly political and commercial relations with it.

In these conditions, British policy towards Soviet Russia became a shuttlecock of party politics. The Labour Government of 1924, having formally recognized the Soviet Government, concluded with it a treaty which provided for improved commercial relations, negotiations about past debts, and a guaranteed

British loan to Soviet Russia. After a general election fought largely on the unreal issue of the "Zinoviev letter," a Conservative Government came into power and refused to ratify the Labour Government's treaty. British policy towards Soviet Russia once more became suspicious and provocative. In 1927, the discovery of propaganda material on the premises of Arcos, the official Soviet trading organization in London, was made the occasion for breaking off official relations. These were resumed under the Labour Government of 1929; and this proved to be the last reversal of British policy on party grounds. The National Government of 1931 had no thought of a breach with Soviet Russia. Except for a short moment of tension in 1933 over the arrest and trial of five British Metro-Vickers engineers on charges of sabotage and espionage, relations have remained normal and friendly.

The stabilization of British policy after 1929 corresponded to the altered complexion of Soviet policy. In 1927, the expulsion of Trotsky from the Communist Party heralded the official adoption of the policy of "socialism in a single country." The activities of Comintern,

already damped down, were thrust completely to the background; and the Soviet Government became the orthodox defender, not of working-class interests everywhere, but of Russian national interests. The original ground for party or class differences in the British outlook on Soviet Russia had disappeared. There remained only the sentimental prejudice often felt in the past by British parties for or against régimes in other countries which were supposed to reflect, or to contradict, their own modes of thought; and such prejudices have never exercised a profound or prolonged influence on British foreign policy.

The tradition of party bitterness generated over the question of Soviet Russia in the first post-War years could not, however, be forgotten in a moment; and the fact that one of the two leading British parties was now for the first time ostensibly a class party gave some show of substance to the issue. But the divergence between Conservative and Labour attitudes towards Soviet Russia would probably have narrowed down in a comparatively short time but for a *volte-face* in Soviet policy which introduced a new factor into the situation. The

Nazi revolution converted the Soviet Government, almost overnight, from extreme "revisionism" to an almost fanatical support of the *status quo*. Soviet Russia joined the League of Nations; and Comintern, resuscitated after a long period of comparative quiescence, launched the new policy of co-operation between Communists and other parties in an "anti-Fascist front." The British Communist Party, which so long as it preached world revolution had had a negligible following, now won a mass of new recruits on a platform whose sole effective plank was co-operation with Soviet Russia in resistance to Fascism. Most of these recruits were not workers, but middle-class intellectuals; but this merely made the influence of the party more conspicuous. The Labour Party was won for the "anti-Fascist front" by its traditional friendship for Soviet Russia and by Fascist hostility to organized labour. The mass of opinion represented or led by the League of Nations Union was strongly influenced both by Nazi hostility to the League of Nations and by Soviet Russia's newly-born devotion to it. Thus there came into being a great Labour, Liberal, League of Nations

coalition, demanding that British foreign policy should come into line with that of Soviet Russia in a vigorous resistance to Germany and Italy.

The issue which now divided this pro-Soviet coalition from its opponents had little or nothing in common with the issues which divided Conservatives and Labourites on the Soviet question in the 'twenties. But one tradition of the 'twenties had survived. The pro-Soviet group still accused its opponents of being actuated in their attitude towards Soviet Russia by class prejudice; and the view that the British National Government had since 1935 been pursuing a class policy rather than a national policy obtained extensive currency among intellectuals both in Britain and in the United States. That the Conservative Party of the 'twenties was influenced by class interests in its attitude to Soviet Russia, which was at that time actively preaching social revolution, is undeniable. But the Soviet Government is no longer concerned, at any rate outside its own borders, with social change; and how little the social issue has affected the alignment of British opinion regarding Soviet

Russia during the past few years is suggested by the fact that extreme imperialists like Mr. Churchill, who so long as the class issue existed were the bitterest opponents of Soviet Russia, became ardent advocates of co-operation with her on grounds of foreign policy. Individual members of the Right were probably still influenced by an ingrained prejudice that everything proposed by the Soviet Government is wrong, just as individual members of the Left were influenced by the equally blind prejudice that every initiative of the Soviet Government was worthy of acceptance and imitation by Britain. But it would be an injustice either to Right or to Left to suggest that such prejudices were the foundations of its attitude; and the hollowness of the supposed ideological basis of the Soviet régime and of Soviet policy was dramatically demonstrated by the *volte-face* of August and September 1939. British policy towards Soviet Russia since 1934 has been primarily concerned not with ideologies, but with what are commonly called "power politics." It has been in the main a reflection of British policy in regard to Germany and Central Europe, which we must now examine.

#### 4. *Central Europe*

The Armistice of 1918 found Britain without a policy in Central Europe other than a somewhat vague commitment to the principle of self-determination. The increasingly "totalitarian" character of the War, often involving civilians in almost equal measure with combatants, together with the spread of universal education and the influence of the Press, had been responsible in most belligerent countries for raising popular indignation against the enemy to a pitch of frenzy unknown in previous wars. These emotions could not be suddenly extinguished at the signing of the armistice; and they exercised a dominant influence on the terms of the peace treaties. While, even before the Versailles Treaty was signed, those who knew its terms best had begun to doubt whether it could be defended in the light of reason, public opinion in the Allied countries had no qualms and was ready to denounce any mitigation of its severity.

In Britain (where, after all, the consciousness of direct injury was less acute than in France) this emotional tension soon began to relax;



and in the next two or three years two distinct schools of thought began to appear in British opinion and British policy, one recommending an attitude of firmness and intransigence in all dealings with Germany, the other an attitude of conciliation and concession. Neither school pushed its view to what may be called a logical conclusion. The first did not assume the extreme *non-possumus* attitude of a Poincaré. The second did not support every concession hoped for by Germany. The adherents of both schools have sometimes been inconsistent; and some influential individuals have changed sides once or more than once. But there was never a time—prior to the spring of 1939—when this marked cleavage between the advocates of concession and the advocates of intransigence was not apparent. Public opinion at large hovered indeterminately between the two views. It was perhaps the main cause of the chronic indecision and consequent bankruptcy of British policy in Central Europe after 1919 that neither view rallied sufficient support to prevail for any length of time over the other.

This cleavage of opinion between intransigence and concession underwent striking

changes after the Nazi revolution; and in analysing its character, it will be necessary to distinguish between the periods before and after 1933.

Prior to 1933 the policy of firmness towards Germany found the bulk of its support in the Conservative camp. It was fortified by the aftermath of bitterness left over from the War and from war propaganda, and made effective use of the slogan "once a German, always a German." It had the merit of being the line of least resistance; for France, while not strong enough to be feared by Britain, was the strongest Power on the Continent, and the simplest and pleasantest course was to follow her lead. Among the adherents of this view were leading diplomats and prominent journalists who had been active in international affairs prior to 1914, and whose minds had been cast during those critical years in a now unbreakable mould of hostility to Germany. During this period, the demand for concessions to Germany came mainly from the Left. Labour and Liberal spokesmen were the most frequent critics of the peace treaties, showing how Wilsonian principles had rarely been applied

where they would have benefited a former enemy, and denouncing such injustices as the prohibition on the union of Austria with Germany and the incorporation of three and a quarter million Germans in Czechoslovakia. In Left circles, there was much criticism of the reactionary attitude of professional diplomats, and the Foreign Office was freely accused of pro-French leanings.

Mr. Lloyd George, though hampered by the fact that he was the principal British author of the Versailles Treaty, soon became critical. His efforts were mainly directed to secure a mitigation of the Reparation provisions, which were now almost universally condemned in Britain owing to their detrimental effect on British exports; and from this time onwards, British financial and exporting interests became fairly consistent supporters of concessions to Germany.<sup>1</sup> Even the Conservative Government of the day disapproved of the French invasion of the Ruhr. But it was the Labour Government of 1924 which secured the first

<sup>1</sup> The suggestion popular in recent years that the attitude of "the City" towards Germany was actuated by Fascist leanings is hardly tenable; for "the City" was notoriously "pro-German" in the Weimar period.

substantial concession to Germany through the adoption of the Dawes Plan and the ending of the Ruhr occupation. This paved the way for Locarno. As is well known, Austen Chamberlain received the first Locarno proposal with mistrust; and though he subsequently made the plan his own, he never wholeheartedly embraced a policy of conciliation. The admission of Germany to the League of Nations was bungled. Between 1926 and 1929 no serious attempt was made to remedy German grievances. These were the years of wasted opportunity, when willingness to meet Germany's still modest claims might have produced real appeasement.

The Labour Government of 1929-31 once more set on foot the policy of concession, securing in 1930 the adoption of the Young Plan, the agreement for the withdrawal from the Rhineland, and redress for grievances of the German minority in Poland. But during this year the economic crisis was bringing the danger point rapidly nearer, and the Nazi party won its first striking success at the Reichstag elections. In the next year, the Weimar Republic made a last bid to re-estab-

lish its waning prestige by an independent and constructive foreign policy: the proposal for a customs union with Austria. Unhappily, the British Government made precisely the same mistake of which Labour leaders were to accuse Sir John Simon twelve months later in the disarmament question—the mistake of treating a burning political issue as if it were a matter of legal rights. The proposal was referred to The Hague Court; and the French authorities took advantage of the delay to kill the project by financial pressure on Austria even before an adverse judgment was given by a narrow majority of the Court. The judgment is legally defensible. What is indefensible was the decision to relegate the question to the Court. Had Czechoslovakia been forced to withdraw her objections to the customs union, and eventually to join it, she might never have had to take the road to Munich. Meanwhile, more and more Germans drew the inevitable conclusion that force was the only method of breaking the fetters of Versailles; and the Weimar Republic tottered to its fall. The handling by the British National Government of German claims at the Disarmament Confer-

ence did nothing to redeem an already desperate situation. Before the disarmament issue finally came to a head, the revolution occurred in Germany.

This event caused so many reversals of policy in Europe that it forms an unmistakable dividing-line in post-War history. Nowhere was its effect on party alignments more conspicuous than in Britain. The Nazi persecution of German socialists, trade unionists and liberals produced a strong reaction among British Liberals and Labourites who had hitherto been the strongest advocates of Germany's cause; and the Left parties in Britain gradually shifted over—it took some three years to complete the process—to the anti-German camp. The effect on Conservatives was more curious. Those Conservatives who had most nearly shared the French view of the Versailles settlement and opposed major concessions to Germany belonged for the most part, like Mr. Churchill and Mr. Amery, to the “die-hard” wing of the party. These now intensified their anti-German ardour, which the Nazi revolution was felt to have justified, and found themselves in unexpected

sympathy with the Left. The House of Commons witnessed the novel spectacle of Mr. Churchill taking up the cudgels for the League of Nations, which he had hitherto covered with contempt, and of the Labour benches applauding Mr. Churchill, whom they had denounced at the time of the General Strike, and again during the debates on India, as the arch enemy of democracy and the working class. The policy of concessions to Germany, taboo on both extremes, could now find support only among moderate Conservatives, reinforced by the Labour and Liberal seceders of 1931. One pleasing by-product of the new alignment was that professional diplomacy regained its innocence in the eyes of the Left. Those who ten years ago regarded the Foreign Office as a nest of reactionaries, and as recently as 1935 suspected it of instigating the Hoare-Laval Plan, accused the Prime Minister in 1938 of neglecting to listen to his diplomatic advisers.

Yet, notwithstanding these striking shifts of opinion, British policy in regard to Germany continued its wavering course, now moving towards concession, now towards firmness, and



stultifying each policy in turn by a sudden reversion to its opposite. In 1934, the British Government sent Mr. Eden to Berlin and secured from Herr Hitler some extremely moderate proposals for an agreement on armaments. But it failed to follow up this policy by applying sufficient pressure to overcome French objections. In 1935 it decided to send Sir John Simon to negotiate with Herr Hitler, but stultified this approach by issuing a statement which placed on Germany the sole responsibility for rearmament. When Germany re-introduced conscription, it denounced this act as an unwarrantable breach of the Treaty, but continued to negotiate with the treaty-breaker. It formed the "Stresa front" to intimidate Germany, and then suddenly resumed a policy of conciliation with the Anglo-German Naval Agreement. In 1936, it decided not to resist the German re-occupation of the Rhineland, and its first gestures were conciliatory. But these were nullified by discriminatory proposals which were known to stand no chance of acceptance by Germany; and negotiations were effectively brought to an end by a questionnaire full of ingenious innuendoes at the

expense of German good faith.<sup>1</sup> There is everything to be said for a policy which combines concession on some points with intransigence on others, hardly anything to be said for a policy which oscillates between two opposite and incompatible extremes, and which undoes with one hand what the other hand is doing.

If, therefore, the policy of Sir John Simon and Mr. Eden towards Germany was the lineal descendant of the policy of Austen Chamberlain and Arthur Henderson, both of whom had (though less conspicuously—for the times were less critical) fallen between the same two stools, would it not be fair to say that British foreign policy was not directly affected by the Nazi revolution? The real cleavage in the British attitude to Germany which stultified British policy was, both before and after the revolution, between two schools of thought which were not concerned with ideologies. The first held that

<sup>1</sup>The questionnaire of 6th May, 1936, is the third example of too-clever-by-half diplomacy which marks the annals of British policy since the War. The first was the "Balfour note" of 1st April, 1922, to Britain's European creditors, which sought to place on the United States the odium of exacting repayment of War-debts. The second was the Foreign Office memorandum of 18th September, 1932, which conclusively proved that the Versailles Treaty imposed on the Allied Governments no legal obligation to disarm.

Germany's geographical position, natural resources and historical traditions made certain a revival of her ambition to dominate Europe and therefore a renewed conflict with Britain, if once she felt herself strong enough to engage in it. The second believed, like Pitt and Palmerston, that Britain has no eternal enemies and that a firm foundation of Anglo-German friendship might be laid on a frank recognition and prompt rectification of the injustices of the Versailles settlement. Except for the few who believed, in defiance of all historical evidence, that democracies are always "pacific" and autocracies always "aggressive," the change of régime in Germany had little bearing on this debate. The first school might claim the Nazi revolution as confirmatory evidence of the rightness of its diagnosis. But the second could argue that it was the natural result of failure to pursue an effective policy of conciliation and that it was still not too late to put such a policy in operation. The same unresolved division continued to produce the same fatal effect on British policy as it had produced at any time since the signature of the Treaty.

There was, however, a new factor which

came more and more to dominate the situation. The lethargy produced by reaction from the exertions of the War made the British people, for twenty years after 1918, more than ordinarily disinclined for an active foreign policy. Down to the Nazi revolution, the line of least resistance was to follow the lead of France; and where the French will was vigorously enough expressed, Britain was generally content in the long run to take this course. From 1935 onward, the line of least resistance was to acquiesce in successive German *faits accomplis*; and once more the attractions of acquiescence proved overwhelmingly strong. Moreover, it soon became clear that resistance to Germany, like resistance to Italy in the Abyssinian crisis, might involve a risk of war. The ingrained pacifism of a satisfied nation, reinforced by League of Nations and pacifist propaganda, had fed that "loathing of war as such" of which Lord Baldwin spoke;<sup>1</sup> and so long as Britain and her possessions were in no danger of attack, it seemed inconceivable that she should once more take up arms. The

<sup>1</sup> See p. 122. In France, the same feeling existed and was referred to as "the psychology of the Maginot line."

first rearmament programme of March 1935 was accepted with reluctance and much opposition. Lord Baldwin subsequently confessed that the Government had become aware of the danger in 1932 or 1933.<sup>1</sup> If, however, at that period, when the Disarmament Conference was still in session and "there was probably a stronger pacifist feeling running through this country than at any time since the War," the Government had "gone to the country and said that Germany was rearming and that we must rearm," the loss of the election would have been certain. This admission may be criticized from many points of view. But nobody will deny the sensitiveness of Lord Baldwin's understanding of popular feeling. From 1936 onwards rearmament programmes were multiplied and opposition gradually diminished. But armaments grew more rapidly than willingness to use them for any purpose other than defence of the strictly defined "vital interests" of Britain.

<sup>1</sup> It was explained in the House of Commons on 10th March, 1936, that from 1923 onwards the defence departments had based their calculations on the assumption, approved by the Committee of Imperial Defence, that Britain would be involved in no major war for the next ten years. This assumption was confirmed annually down to 1932, and then abandoned.

The most disastrous feature of British foreign policy in the years from 1933 to 1937 was, however, the scepticism which it created in many quarters as to the weight to be attached to British official declarations. Emphatic pronouncements of British concern in this or that situation or event were accompanied by refusal—and indeed, by inability—to take the only kind of action which would have made such pronouncements effective. The successive steps by which Germany threw off the last restrictions imposed on her by the Versailles Treaty, though condoned, if not approved, by a large part of British opinion, were greeted by an unending series of official protests, condemnations, preachments and warnings which merely insulted Germany and provoked her to fresh action. Phrases were used which, in the days of the old diplomacy, would have been equivalent to an ultimatum if they had been ignored. Now they were nothing more than pious wishes or expressions of unguarded emotion. The best illustration of this trend was the declaration made about Austria in February 1934 and repeated at intervals during the next eighteen months. Britain



announced a "common view" with France and Italy "as to the necessity of maintaining Austria's independence and integrity." Yet it was common knowledge that an overwhelming majority of British people regarded the Versailles restriction on the union of Austria with Germany as inequitable and indefensible. It was inconceivable that Britain would fight to maintain that restriction. It was equally inconceivable that it could be indefinitely maintained without fighting. Such declarations depreciated the currency of British foreign policy. They were both meaningless and provocative.

The responsibility which the British Government of the day bears for this failure to face the issue must be shared by the Opposition; for in foreign affairs no Opposition can take refuge in complete irresponsibility. From 1936 onwards, the Opposition continuously pressed for a stern and unyielding policy towards the "Fascist Powers," and applauded every declaration and every gesture which Germany, Italy or Japan was likely to regard as provocative or hostile. Indeed, some of these pronouncements were clearly made for the purpose



of meeting or forestalling Opposition criticism. On the other hand, the rearmament efforts of a reluctant Government were hampered by a still more reluctant Opposition. If the Opposition was right in demanding from the Government a still more vigorous attitude of protest, condemnation and warning, then it was in duty bound, in order to make that attitude effective, to demand at the same time the immediate mobilization of all the resources of the nation in material and man-power. The "die-hard" Conservative supporters of the Opposition's foreign policy did indeed draw this conclusion. But the official Opposition continued throughout this time to vote against rearmament credits. In March 1936, an Opposition amendment declared that "the safety of this country and the peace of the world cannot be secured by reliance on national armaments, but only by the resolute pursuit of a policy of international understanding," and Opposition spokesmen accused the Government of "sounding the tocsin of war" and trying "to get this country, by means of fear, into a jingo frame of mind." In March 1938, a Labour amendment condemned "the

provision of immense armaments to further a dangerous and unsound foreign policy." Not until July 1938 did the Opposition for the first time abstain from voting against a rearmament programme; and resistance to conscription was continued, though with diminishing enthusiasm, through the summer of 1939. The Opposition was thus also involved—and to an even greater degree than the Government—in the inconsistency between strong words and weak action.

If, however, instead of attempting to distribute blame between Government and Opposition, we inquire how both became so deeply committed to this feeble-forcible attitude, we shall have to go back to the deep-rooted traditionalism of British policy. Post-War Britain found it difficult to shake off her ingrained nineteenth-century habit of regarding herself as the policeman of the world. In the nineteenth century, the condemnation of British opinion had been effective precisely in so far as British power could be invoked to make it effective. After the War, as we have already seen in discussing the British attitude to the League of Nations, the strange assumption was made that public opinion was an indepen-

dent force in itself. Publicly to condemn the behaviour of a foreign government was seriously regarded by many people as a laudable and a useful action. Every kind of organization was constantly inviting the British Government to protest and condemn. The Government, egged on by the Opposition, and both of them encouraged by public opinion, continued to protest, condemn and admonish without regard for the increasing ineffectiveness of these gestures and the growing resentment which they provoked. The effect of this treatment on the smaller states subjected to it did not, perhaps, matter. Its effect on more powerful countries was cumulative and fatal. The reaction of Germany to an unending flow of protests against both her foreign and her domestic policy was to drive her to more extreme courses. Japan, though not prevented from conquering Manchuria and invading China, was wounded by the official censure of the League and by the empty gesture of refusing to recognize Manchukuo. Italy, though not prevented from conquering Abyssinia, was infuriated by sanctions. Thus Britain, by the end of 1936, had drawn on herself, and was

doing little or nothing to mitigate, the hostility of three Great Powers—a formidable combination even if she had been at the height of her strength and military preparedness. She could count on the support of France. But France was equally unprepared, and was affected by the same disinclination as Britain for military action. Soviet Russia was stronger in industrial resources than Tsarist Russia had been; but both her will and her capacity to provide effective military help were unknown quantities. Direct assistance could not be expected from the United States, at any rate during the first critical months. The experience of the last War proved that a train of smaller Allies is not by itself a decisive advantage. A policy which was at once wavering and provocative towards the three “Fascist Powers” had placed Britain in a precarious position.

Such was the situation when Mr. Neville Chamberlain became Prime Minister in May 1937. Mr. Chamberlain perceived more clearly than any other political leader the growing danger of a policy of words not matched either by willingness or by capacity to act. He understood the paramount importance of re-

establishing British credit by promising nothing which Britain could not perform; and by attacking the catchword of "collective security" as incompatible with existing realities, he earned the hostility of those who still believed that the Covenant of the League of Nations could be made the basis of British policy. He must share some of the credit for his realism with those extremists of the Right and of the Left who, while sharing the desire of the official Opposition to pursue an intransigent policy towards the "Fascist Powers," did not share its reluctance to shoulder the full burdens of military preparedness. But Mr. Chamberlain believed that there was another escape from the dilemma, which was more in accordance with traditional British policy and more likely to avert war. Was it not still possible, by substituting a consistent policy of conciliation and concession—which had never yet been tried—for one of intransigence and criticism, to bring about a *détente* with one or more of the potentially hostile Powers? This was the policy which inspired the correspondence with Signor Mussolini in the summer of 1937, the visit of Lord Halifax to Berchtesgaden in November

1937, and the negotiations with Italy concluding with the Anglo-Italian Agreement of April 1938.

This policy led to the resignation of Mr. Eden in February 1938. The immediate issue of the Italian negotiations was one of minor importance; and Mr. Eden, anxious not to embarrass the Government, neither elaborated the questions of principle on which he differed from it nor propounded an alternative. His resignation weakened Mr. Chamberlain, who could no longer count on unqualified support for his policy within his own party. Mr. Eden's resignation coincided with the first stages of a crisis over Austria, which ended in March with the bloodless annexation of that country by Germany. Before this consummation was reached, the British Government gave to the German Government "a grave warning on the Austrian situation" and "registered a protest in strong terms" against the use of coercion; and after the event, Mr. Chamberlain in the House of Commons passed the "severest condemnation" on Germany's action. It was clear that these pronouncements were generally endorsed in Parliament and in the country. It

is equally clear that hardly anyone would have been prepared to take the action necessary to prevent or undo the *Anschluss*. The future historian may well take the view that responsible governments should not, even with the applause of public opinion, pronounce "grave warnings" and "severe condemnations" on actions to which they do not in fact intend to make any effective reply whatever. He will, in any case, be obliged to record that these protests, through the resentment which they aroused in Germany, inevitably nullified the policy of conciliation, and that from this time onwards Mr. Chamberlain, like his predecessors, was involved in a self-contradictory policy.

One further bid for conciliation was, however, made; and this was so dramatic that it at length forced British opinion to face the whole issue. The absorption of Austria by Germany made the position of Czechoslovakia vulnerable. Ten days after that event, Mr. Chamberlain repeated in the House of Commons, with specific reference to Czechoslovakia, the definition of British policy in the terms of Mr. Eden's Leamington speech. The British Government were not prepared, in face of a possible attack



on Czechoslovakia, to assume "automatic" commitments "in relation to an area where their vital interests are not concerned in the same degree as they are in the case of France and Belgium." In May, unfounded rumours of a German mobilization, answered by a partial Czechoslovak mobilization, produced another scare, in the course of which representations were again made by the British Government to Berlin. The representations themselves, which appear to have been of an informal kind, might have done no harm. But unfortunately, publicity was given to them; and the story was assiduously circulated that Germany had been deterred from designs on Czechoslovakia by British firmness and had suffered a diplomatic defeat. This story not only dealt a further blow at the policy of conciliation (which was perhaps the motive of those who disseminated it), but had a far more dramatic result. Herr Hitler at once decided to avenge this non-existent defeat, and by mobilizing the German Army to settle his account with Czechoslovakia in the autumn. There is no reason to doubt his own statement that this decision was taken on 28th May.

The further events of the summer of 1938 are too familiar to need recapitulation. The German demand developed from a claim for the grant of special autonomous rights to the German minority in Czechoslovakia into a claim for the cession to Germany of those areas of Czechoslovakia where Germans were in a majority. British intervention began with representations of a general character to both governments, continued with the dispatch of the unofficial Runciman mission to act in a mediatory capacity, and culminated, in face of the German threat of war, in Mr. Chamberlain's two personal visits to Herr Hitler and in the conclusion of the Munich Agreement by which Germany obtained satisfaction of her demands. It is sometimes said that the British Government were inconsistent in first urging both sides to accept the "autonomy" solution and later pressing the Czechoslovak Government to agree to cession. This charge is ill-founded. The British Government never advocated any solution as such. It merely endeavoured throughout to promote "a peaceful solution;" and British public opinion, which had so often applauded this formula in con-

ditions where Britain was the strongest Power, was now shocked to realize for the first time that "a peaceful solution" is liable in the last resort to mean a solution acceptable to those who have the strongest will to use force. Relief at the avoidance of war was so great that the Munich Agreement was greeted in Britain with almost universal enthusiasm. Only when the danger was past did the voice of criticism begin to be heard.

The Munich Agreement was not only the high-water mark of the policy of conciliation, but its death-blow. Germans could hardly fail to perceive that substantial concessions had been made only when Germany had become strong enough to threaten. This lesson was not easily forgotten; and Herr Hitler repeated exactly the same mistake which the Allies had made at Versailles of enforcing his demands with a maximum of peremptoriness and brutality. The German claim at Munich, as Lord Halifax said shortly after, "was in fact advanced and pressed under an overwhelming show of force, which was incompatible with what we believe must be the basis of international relations." British public opinion, once the

first relief was over, reacted in the inevitable way by seeing in the Munich Agreement both a defeat and a threat. The sickening fear of war remained in men's minds. A general demand arose for rearmament on a scale which would discourage any repetition of the threat. British rearmament was treated by Herr Hitler as a provocation; and recriminations soon began in the press and on political platforms. In the first weeks of 1939, there seemed to be some relaxation of the tension. But any prospect of renewed understanding between Britain and Germany vanished with the disruption of Czechoslovakia and the incorporation of Bohemia and Moravia in a Greater Germany in March 1939. From this moment preparations went forward on both sides for the War which broke out almost exactly six months later.

A review of British policy in Central Europe from the Versailles Treaty to the Munich Agreement illustrates the basic principle that, so long as no dominant Power emerges on the Continent, Britain is content to have no active European policy. Throughout the period in question, she was full of good intentions which

she lacked the will (though not at first the power) to translate into deeds. She approved of self-determination, but was not prepared to quarrel with her former Allies in order to apply it for the benefit of former enemies. She wanted fair treatment of minorities, but was not prepared to embroil herself seriously with the minority states in order to secure it. She favoured a policy of reconciliation with Germany, but was not prepared to put pressure on France in order to bring it about. In all these issues, she was content with high-sounding words, mild gestures and occasional minor concessions. After 1933, the British Government continued to seek reconciliation with Germany. But these efforts were frustrated, on the German side, by the accumulated bitterness of the previous fifteen years, and at home, by those powerful trends of British opinion which were shocked by the excesses of the Nazi régime and which now saw in Germany the coming dominant Continental Power whose emergence Britain always feared. Not until March 1939 was British opinion once more united in support of a single policy.

Now that war is once more raging in Europe,

it is easy to condemn in retrospect the attempts at conciliation and concession made by Britain between 1933 and 1938. But the concessions in fact secured by Germany during this period were such as no serious British statesman could have threatened war to prevent. Broadly speaking, British opinion had long ago recognized that the military restrictions, the demilitarization of the Rhineland and the separation of Austria from Germany could not be maintained indefinitely and that the only issue was the date and manner of their disappearance; and one of the most obvious factors in the crisis of September 1938 was that Britain would not fight to maintain a Czechoslovak state which, in a population of 14,000,000 contained 3,250,000 Germans and other large and disloyal minorities. It cannot be charged to the policy of conciliation that these concessions were made. The only ground for criticism is that they were not made in other conditions and at an earlier date.

Another factor also requires consideration. It was not until 1935 that the first serious British rearmament programme was launched. Prior to that date, nobody had even con-

sidered the possibility of coercing Germany; and most of those who opposed conciliation also resisted successive rearmament programmes. It is true that critics based their objection to the rearmament policy of the Government on their objections to its foreign policy. But this plea carried little weight; for they criticized the Government for failure to adopt a policy which would have made intensive rearmament not less, but more, necessary. It may well be felt that, right down to 1938, the armament situation made a policy of conciliation the only practical one. The alternative was a policy of hostile words which could not be reinforced by military action. In particular, it is difficult to pass any responsible judgment on British policy in September 1938 in ignorance of the advice tendered to the Government by its military advisers.

Lastly, it has in the past been a persistent tradition of British policy—and one of the marks of its underlying strength—to carry conciliation to the utmost point before abandoning hope of agreement. There is a common inclination in politics to take the deterministic view that any policy which fails was bound to



fail and should, therefore, never have been tried. The charge that British Ministers were the dupes of the Axis Powers should not be too lightly made. "Neither the Prime Minister, nor I myself, nor any member of His Majesty's Government," said Lord Halifax in the House of Lords on 20th March, 1939, "has failed at any moment to be acutely conscious of the difference between belief and hope. It was surely legitimate and right to have hopes. But we have always acted . . . in the knowledge that only with time can hope be converted into sure belief."

## CHAPTER VI

### THE DESCENT INTO WAR

PERHAPS the most striking feature of the change which came over British policy after March 1939 was the progressive unification of public opinion. This was due, in a minor degree, to the termination of the Spanish Civil War, which removed a constant source of friction and recrimination between Government and Opposition, and in a major degree to Germany's annexation of Bohemia and Moravia and to the events which followed it—the re-incorporation of Memel in the Reich and the thinly veiled threats against Poland. These actions, following on Herr Hitler's attitude during and after the crisis of September 1938, made British opinion virtually unanimous. "If I were convinced," the Prime Minister had said during that crisis, "that any nation had made up its mind to dominate the world by fear of its force, I should feel that it must be resisted." The domination of Europe by force was now

clearly revealed as Germany's aim. In the declaration which Herr Hitler had signed with Mr. Chamberlain at Munich, it had been agreed that "the method of consultation shall be the method adopted to deal with any other questions that may concern our two countries." Herr Hitler now argued that the territorial rearrangements made by him in Central and Eastern Europe were questions which did not concern Britain. This argument aroused the whole of the traditional opposition of Britain to the domination of the Continent by a single Power. "No other course of events," said Sir John Simon in the House of Commons on 3rd April, "would have produced so united a revulsion of feeling in this country as the events that have occurred."

This unity was encouraged by the rapid expansion of British military preparedness. When a detailed five-year rearmament programme was drawn up in 1937, it was estimated that expenditure on defence during the next five years would be at the rate of £300,000,000 a year. This figure, justly regarded at the time as enormous, was soon destined to be far exceeded. In February 1939,

the Chancellor of the Exchequer estimated expenditure on defence for the following financial year at £580,000,000. Of this sum, the Air Force absorbed £200,000,000—a figure representing ten times the expenditure on the Air Force, and double the total expenditure on all three services, ten years earlier. In July, the estimates of defence expenditure for the current year were increased from £580,000,000 to £750,000,000, of which £500,000,000 were to be raised by borrowing. In April, the Prime Minister announced the first measure of conscription ever introduced in Britain in peace time. It was limited in scope, being confined to men between twenty and twenty-one, who were called up for six months' military training before being posted to the Territorial Army or the Army Reserve. But the acceptance of a principle so novel in British life, and hitherto so repugnant to the British tradition, was a powerful factor in convincing the world that a policy of words had been set aside in favour of a policy of deeds, and that Britain was now both willing and able to carry out her declarations and undertakings to the letter.

The course of events following the successive German *coups* of March 1939 can be briefly recapitulated. The annexation of Bohemia and Moravia, with Slovakia as a nominally independent state under German tutelage, and the return of Memel to Germany, constituted an obvious threat to Poland, who felt herself "encircled" in much the same way as Czechoslovakia had been encircled by the annexation of Austria a year earlier. The parallel could be carried still further; for the German population of Danzig and Western Poland, though far less numerous, might be cast for the role of the Sudeten Germans in Czechoslovakia. The fact that Germany immediately followed up the recovery of Memel by proposals to Poland for the settlement of the questions of Danzig and the Corridor increased such suspicions. There was a hurried interchange of views between the British and Polish Governments, the French Government being fully informed of what was taking place; and on 31st March, the Prime Minister announced in the House of Commons what he later described as "a new epoch" in British foreign policy. Consultations were, he said, in pro-

gress with the Polish and other Governments. In the meanwhile, "in the event of any action which clearly threatened Polish independence, and which the Polish Government accordingly considered it vital to resist with their national forces, His Majesty's Government would feel themselves bound at once to lend the Polish Government all support in their power." A few days later, the Polish Minister for Foreign Affairs visited London, and it was announced that the two Governments had decided "to enter into an agreement of a permanent and reciprocal character to replace the present temporary and unilateral assurance given by His Majesty's Government to the Polish Government."

The next dramatic move was the Italian invasion of Albania on 7th April, followed a few days later by its annexation. This led to fears of an attack on Greece and to a renewal of rumours which had been current after the March *coup* of an impending German ultimatum to Roumania. In these circumstances, the Prime Minister announced on 13th April a promise of British support to Greece and Roumania in the same terms as the promise of

31st March to Poland. These promises were officially communicated to Turkey; and on 12th May Britain and Turkey made a simultaneous declaration that "in the event of an act of aggression leading to war in the Mediterranean area, they would be prepared to co-operate effectively, and to lend each other all the aid and assistance in their power." In all these cases, France took similar action, so that she was fully associated with the new British policy.

Meanwhile, on 15th April, a fresh influence had been brought to bear on the situation by a personal message from the President of the United States to the German and Italian dictators. President Roosevelt inquired whether the dictators were prepared to give a ten-year undertaking not to attack some thirty named countries in Europe and Asia, this undertaking to be followed by an international conference. At a meeting of the Reichstag on 28th April, Herr Hitler not only subjected this message to a critical and contemptuous analysis, but took the occasion to denounce the German-Polish Non-Aggression Pact of 1934 and the Anglo-German Naval



Agreement of 1935 on the ground of the hostility now exhibited to Germany by Poland and Britain. He denied that Germany had aggressive intentions towards any foreign country; and he expressed the hope that the denunciation of the Naval Agreement would not lead to a naval armaments race with Britain. But in other respects there was little that was conciliatory in the tone or substance of his speech.

In face of these threats, British policy in Europe remained faithful to its traditional purpose of preventing the domination of the Continent by a single power. It rested on an understanding with France which was more than once re-affirmed in the warmest terms, and which had become so close as to amount to a complete identity of policy; on the joint Anglo-French guarantee of Belgium; on agreements with Poland and Turkey containing mutual guarantees of support against aggression; and on the assurances of support against aggression given to Roumania and Greece.

In the Mediterranean, Britain was rapidly recovering the strong position which she occupied prior to Italy's challenge in 1935.

In the West, Spain was freed of German and Italian troops. General Franco successfully resisted strong pressure to induce him to throw in his country's lot with the Axis Powers; and Britain gradually began to build up again her former friendly relations with a neutral Spain. In the East, Britain's agreement with Turkey and the guarantee given to Greece would assure to her the use of adequate naval and air bases in the event of war in the Mediterranean. Meanwhile, the British Government prudently refrained from denouncing the Anglo-Italian Agreement of April 1938, even after it had been violated by Italy's seizure of Albania. While Italy's dependence on Germany was ostensibly increased by the formal German-Italian alliance signed in Berlin on 22nd May, it became clear that Italy remained a factor for peace within the Axis; and there was no desire in Britain to break down any of the bridges still uniting Britain and Italy. The German menace had now become the one overwhelming consideration. Italy might yet serve as a brake on German aggression.

It was long hoped to draw Soviet Russia /

into a system of mutual guarantees against aggression. Immediately after Herr Hitler's entry into Prague, the British Government inquired of the Soviet Government what would be its attitude in the event of a German attack on Roumania. The Soviet Government, avoiding a direct reply, proposed an international conference. This proposal, being scarcely calculated to meet the need for urgent action, was—perhaps imprudently—rejected by the British Government. Diplomatic conversations for a mutual undertaking to oppose acts of aggression thereafter proceeded slowly. There appeared to be two main difficulties. In the first place, having already guaranteed Poland, the British Government had in effect guaranteed Soviet Russia, whose territory was effectively screened by Poland against any attack from Germany. The Soviet authorities may therefore have felt that they had now little to gain by entering into a specific commitment with Britain; and they professed to be somewhat nettled that Britain should have given a guarantee to Poland without first approaching the Soviet Government. Secondly, the negotiations were complicated by the mis-

trust prevailing between Soviet Russia and her western neighbours, notably Finland and the smaller Baltic countries. The Soviet Government argued that, if it was asked to join with Britain in supporting countries whose independence Britain was particularly interested to maintain, the principle of reciprocity demanded that Britain should join with Soviet Russia in guaranteeing the independence of the smaller states bordering on Russia. On the other hand, Finland, Estonia and Latvia, regarded the designs of Soviet Russia with just as much suspicion as those of Germany. They protested against any proposal which involved a guarantee of their independence by Soviet Russia and which did not leave them free to judge the conditions in which the guarantee would become operative; and Estonia and Latvia hastened to conclude non-aggression pacts with Germany. Nor were Poland and Roumania eager to receive guarantees which might involve the appearance of Soviet troops on their soil. The task of the British negotiators was made more difficult by the Opposition at home which, ignorant of the complexities of the situation, loudly and

insistently demanded an immediate agreement on any conditions, and thereby unwittingly encouraged the Soviet Government to adopt a *non-possumus* attitude on every contested point.

Gradually, however, the impression gained ground that there was some more fundamental reason for the slow progress of the negotiations. It had been noticed that, in his speech of 28th April, Herr Hitler had refrained, contrary to his previous habit, from any kind of attack on Soviet Russia. On 3rd May, the resignation of M. Litvinov from the post of Commissar for Foreign Affairs was announced in Moscow. Official statements that this event heralded no change in foreign policy hardly carried conviction. From this time, the Anglo-Soviet negotiations continued to revolve monotonously round the same points, and made no substantial progress at all; and it seemed clear that Soviet Russia was returning to that position of isolation from current European politics from which she had emerged in 1934. Nor was this decision illogical. Her change of front in 1934 had been actuated by the necessity of obtaining support from the Western Powers against Germany. Now that the

Western Powers were compelled by their own interests to arrest any further German move towards the east, the fundamental need of Soviet policy was satisfied, and there was no further motive for undertaking uncongenial commitments. It was sometimes hinted during the conversations that the cause of Soviet Russia's reluctance was doubt whether Britain really proposed to carry out her obligations to Poland. The reverse would appear to have been the case. The Soviet Government could afford to abstain because it was now convinced that Britain and France, in virtue of their agreements with Poland, would take action which would automatically relieve Russia from fear of a German attack.

While, therefore, hopes of active Soviet co-operation gradually ebbed, few people in Britain foresaw the likelihood of a pact between Soviet Russia and Germany. Such an agreement seemed too flagrant and too cynical a disavowal of every principle for which either party had stood to come within the range of practical politics. For six years, the denunciation of Bolshevism and of Soviet Russia had been the staple dish of the oratory of every

National Socialist leader and publicist from Herr Hitler downwards. Herr von Ribbentrop himself had signalized his arrival in London as German Ambassador in 1935 by an interview in which he sought to enlist British opinion in a campaign against the Communist peril in Europe. The Anti-Comintern Pact had been used since 1936 as the focus of German policy everywhere in the world. On the other side, the Soviet authorities had throughout the same period made the formation of "an anti-Fascist bloc" the primary object of their policy and their most persistent slogan. They had not only preached "resistance to aggression," but had bitterly reproached others with their lukewarmness in the pursuit of this ideal. Opinion in Britain, and in many other countries, had treated these professions on both sides as sincere. It scarcely seemed possible that both Germany and Soviet Russia should simultaneously renounce the whole ideological basis on which their policy for the past six years had been ostensibly founded.

It was therefore an unpleasant surprise to Britain and France when, on 21st August, it became known that Herr von Ribbentrop was



about to visit Moscow for the purpose of signing a German-Soviet Pact of Non-Aggression. The Pact, which was actually signed on 23rd August, provided that "if one of the contracting Powers should become the object of war-like action on the part of a third Power, the other contracting Power would in no way support the third Power"; and a further article added that "neither of the two contracting Powers will join any other group of Powers which is directly or indirectly aimed against one of them." This was a clear announcement that Soviet Russia would not participate in what she had herself in the past called "the peace front" for the purpose of resisting "Fascist aggression." The Soviet Government had frankly reverted to the opportunistic policy of temporary collaboration with any capitalist state whose friendship might prove useful at the moment for any specific purpose. Its policy would henceforth be to sit on the fence, to keep out of war and to draw such profits as it could from the misfortunes of others.

The effect of the German-Soviet Pact on German policy was, however, far more striking

and catastrophic. Throughout the summer, the Nazi press campaign against Poland and for the return of Danzig to the Reich had grown in volume and intensity. In August, the Nazi leader in Danzig, Herr Forster, had proclaimed himself dictator of the Free City in defiance of the Constitution, and had publicly declared on more than one occasion that the restitution of Danzig to Germany was imminent. The conclusion of the German-Soviet Pact was taken by Herr Hitler as his cue for attempting to realize these ambitions by force. It seems indeed probable that his military advisers had refused to contemplate forcible action against Poland unless the benevolent neutrality of Soviet Russia could be assured, and that it was this consideration which finally induced him to swallow his life-long principles and make a pact of friendship with Bolshevism. It was clearly expected in Nazi circles that the conclusion of the German-Soviet Pact would suffice to deter Britain and France from the difficult enterprise of coming to the assistance of Poland, and that the way was therefore open for the coercion of Poland. When the fateful decision was taken to recover Danzig

and the former German territories of Western Poland by force, the hope was still entertained that this could be achieved without war with Britain and France.

The German-Soviet Pact was thus the starting-point of a major international crisis, which issued eleven days later in the declaration of war on Germany by Britain and France. On 22nd August, prior to the signature of the Pact, Mr. Chamberlain addressed to Herr Hitler, in order to remove all possibility of misunderstanding, a personal letter in which he stated that a German-Soviet agreement could in no way affect the intention of the British Government to come to the aid of Poland in the event of an act of aggression against her. This was followed by a correspondence between the British and German Governments, which continued in terms of increasing asperity down to the eve of the catastrophe, and which has since been published by the British Government. The last stage was marked by the peremptory German summons to the Polish Government to send a plenipotentiary to Berlin to receive and accept Germany's terms; the issue to the world on 31st August of an alleged "offer" to

Poland which had in fact never been communicated to her, together with the announcement that it must now be considered as rejected; and the invasion of Poland by German troops on 1st September without a declaration of war. On 1st September, the British Government sent an intimation to Berlin that, unless the invading troops were withdrawn from Poland, Britain would fulfil her obligations and that, in the event of an unfavourable reply, the British Ambassador would ask for his passports. No reply having been received, the demand was repeated on the morning of 3rd September in the form of an ultimatum, and at eleven o'clock on that day Britain and Germany were at war. France declared war on Germany a few hours later.

The preceding pages have shown with what reluctance successive British Governments have taken up the German challenge and how long and steadily they strove to avoid war by a policy of concession. Britain was inexorably driven into war, in 1939 as in 1914, by the persistent ambition of Germany's rulers to be masters of all Europe east of the Rhine. It has often been alleged that war might have

been avoided in 1914 if Britain had made her intention clear in advance. The same cannot be said of 1939. In the months which preceded the outbreak of war, the British attitude to Germany was repeatedly expressed in unmistakable terms. Britain rejected the contention that it was no business of hers what happened in Poland or to the smaller states of Central and Eastern Europe. She gave her promise to support those countries which seemed most immediately threatened with attack; and she was determined to do all in her power to make that promise effective should the need arise. If that constituted "encirclement," then Germany was encircled. But if Herr Hitler had been sincere when he declared that Germany had no intention of attacking any of these countries, and that Germany had, after the Munich agreement, no further territorial ambitions in Europe, the complaint of "encirclement" would have had no meaning. Nor did Britain at any time adopt a *non-possumus* attitude towards further German aspirations, or in particular towards the claim for a revision of the German-Polish settlement contained in the Versailles Treaty. "Our opposition is not

to change," said the Prime Minister at Cardiff on 24th June, "for in a changing world there must be adjustments from time to time. But what we are resolved to resist is an attempt to bring about by force changes which should be determined by discussion and co-operation." Repeated attempts were made to introduce this method of discussion and co-operation into Anglo-German relations. "If the German and the British nations could really succeed in reaching an understanding," said Lord Halifax at Edinburgh in the autumn of 1938, "it would be the strongest guarantee that could be devised against the danger to which the world has been brought so close." These words hold good even to-day. But there can be no hope of understanding or of peace so long as the present leaders of Germany claim and exercise the right to assert their will by force at the expense of the weaker European countries. Britain is fighting to-day, as she has fought many times before, to maintain on the Continent of Europe an orderly society of independent nations free from the brutal domination of a single overwhelming Power.

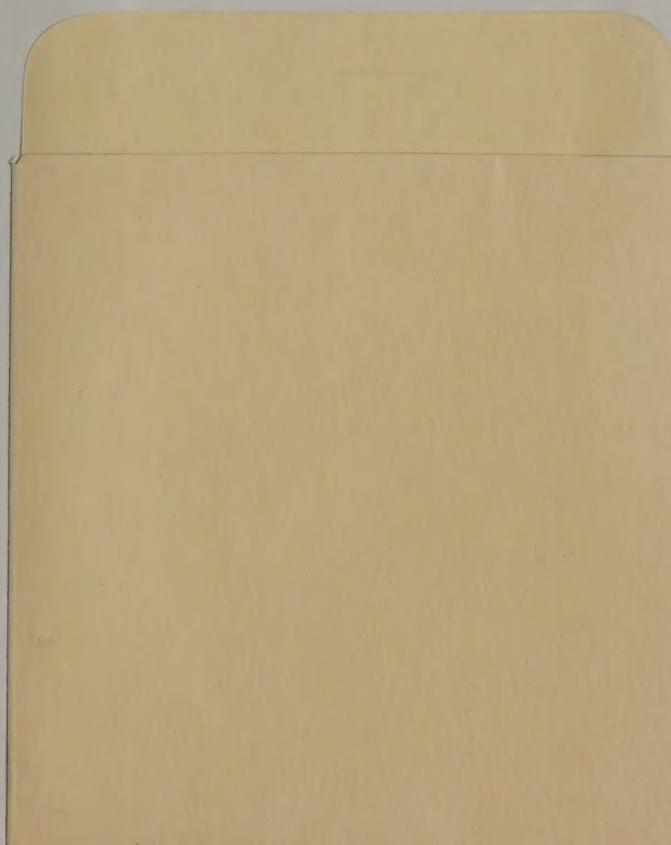












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